

In the Matter of:)
)
Business Meeting)
_____)

Commissioners Present

Robert B. Weisenmiller, Chair
James Boyd, Vice Chair
Karen Douglas
Carla J. Peterman

Staff Present:

Michael Levy
Rob Ogelsby
Jennifer Jennings
Lynn Sadler
Harriet Kallemeyn

	Agenda Item
Mike Monasmith	2
Richard Ratliff	2
Craig Hoffman	3
Kevin Barker	4
Shahid Chaudry	5
Cheng Moua	6
Joseph Wang	7
Panama Bartholomy	8
Jim Holland	8
Rashid Mir	8
Pat Perez	9

Interested Parties

	<u>Item #</u>
Jeffery Harris, Ellison, Schneider & Harris for BrightSource Energy	2
Clay Jensen, BrightSource Energy	2
Mike Bachand, CalCERTS	8
Barbara Hernesman, CalCERTS	8
Conrad Asper, CBPCA	8
Tiger Adolf, Western Region for BPI	8
Manuel Alvarez, Southern California Edison	8
Dan Thompson, Building Doctors	8
Tamara Rasberry, Semptra Energy	8
Tammy Schwolsky, REAS Inc.	8
Valerie Winn, PG&E	8
Joe Calavita, CARB	9
Eileen Tutt, CA Electric Transportation Coalition	9
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Paul Staples, HyGen Industries	9

Public Comment

Satyajit Patwardhan, Green Dot Transportation Inc.

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1. CONSENT CALENDAR	11
a. CITY OF HEALDSBURG. Possible approval of the City of Healdsburg's locally adopted building energy standards to require greater energy efficiency than the 2008 Building Energy Efficiency Standards.	
b. TOWN OF WINDSOR. Possible approval of the Town of Windsor's locally adopted building energy standards to require greater energy efficiency than the 2008 Building Energy Efficiency Standards.	
c. CITY OF CORONADO. Possible approval of Amendment 1 to Agreement CBG-09-016 with the City of Coronado to add \$839, for a total grant of \$125,762, and extend the term of the agreement to June 14, 2012. The amendment revises the scope of work, the project list, and the budget to allow the city to implement lighting retrofits in lieu of the previously approved HVAC projects. In addition, the city has requested a time extension to complete the revised scope of work. This revised grant meets all requirements of the Energy Efficiency and Conservation Block Grant program solicitation PON-09-001 and fully awards the grant funds available to the city under the program.	
d. CITY OF RANCHO MIRAGE. Possible approval of Amendment 1 to Agreement CBG-09-182 with the City of Rancho Mirage to extend the project completion date from September 14, 2011, to June 14, 2012. As a result of staff layoffs, the city is not able to complete the project on time. This amendment will allow the city to fully utilize the grant funds and realize the energy savings as proposed in the original application.	

Items

1. CONSENT CALENDAR (Continued).

- e. BRUCE WILCOX, P.E. Possible approval of Amendment 2 to Contract 400-09-001 with Bruce Wilcox, P.E. to extend the term one year to June 30, 2013. The project is research and documentation of issues identified during exploration of proposed measures for the 2013 Residential Building Energy Efficiency Standards. There is no change to the total amount of the contract.
- f. ARCHITECTURAL ENERGY CORPORATION. Possible approval of Amendment 2 to Contract 400-09-002 with Architectural Energy Corporation to extend the term one year to June 30, 2013. The project is research and documentation of issues identified during exploration of proposed measures for the 2013 Non-Residential Building Energy Efficiency Standards. There is no change to the total amount of the contract.
- g. PORTLAND ENERGY CONSERVATION, INC. Possible approval of Amendment 1 to Contract 400-10-002 with Portland Energy Conservation, Inc. (PECI) to remove "Reimbursable Task Costs" and "Total Task Cost" columns from Exhibit B Attachment B-1 Summary, add subcontractor Heschong Mahone Group to the contract, add new classifications, adjust rates, and add staff to PECI and subcontractors New Buildings Institute (NBI), Architectural Energy Corporation (AEC), and CalCERTS.
- h. LAWRENCE BERKELEY NATIONAL LABORATORY. Possible approval of Amendment 4 to Contract 500-05-001 with Lawrence Berkeley National Laboratory for a 12-month no-cost time extension to September 30, 2012. This will allow the contractor to complete the technical reports and finish an analysis of implementation activities affecting demand response as a system reliability resource for the California Independent System Operator.

Items

1. CONSENT CALENDAR (Continued).
 - i. ASPEN ENVIRONMENTAL GROUP. Possible approval of Amendment 2 to Contract 700-08-001 with Aspen Environmental Group for a one year no-cost time extension to complete the Desert Renewable Energy Conservation Plan. The extension would allow completion of some contractor assignments started during the original term of the contract, and would provide back-up contract coverage during the ramp-up of the next STEP Peak Workload Contract, which staff expects to competitively bid and execute by June 30, 2012.
 - j. CITY OF SOUTH PASADENA. Possible approval of **POSTPONED** Amendment 1 to Agreement CBG-09-183 with the City of South Pasadena to change the scope of work. The original project included traffic signal upgrades and HVAC replacements. The revised scope of work includes the retrofit of incandescent pedestrian signals to LED pedestrian signals, and upgrades to City Hall such as a cool roof system, wall insulation, HVAC equipment, ducting modifications, temperature sensors and controls. The revised project meets all program requirements and the total grant amount of \$136,878 is unchanged.
2. HIDDEN HILLS SOLAR ELECTRIC GENERATING SYSTEM (11-AFC-02). 11
 - a. Possible adoption of the Executive Director's data adequacy recommendation for the Hidden Hills Solar Electric Generating System.
 - b. Possible appointment of a siting case committee for the Hidden Hills project.

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3. GATEWAY GENERATING STATION (00-AFC-1C). Possible approval of a petition to modify several Air Quality conditions to reflect the Bay Area Air Quality Management District current conditions and the Prevention of Significant Deterioration enforcement action that has been resolved by a court-ordered Consent Decree. The proposed changes will decrease the permitted emissions levels and make the Conditions of Certification consistent with the Prevention of Significant Deterioration Permit under the terms of the settlement agreements for the project.	
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5. CALIFORNIA DEPARTMENT OF CORRECTIONS AND REHABILITATION. Possible approval of Agreement 001-11-ECD for a loan of \$2,056,229 to the California Department of Corrections and Rehabilitation for lighting system upgrades at the Substance Abuse Treatment Facility at California State Prison, Corcoran. This project will save approximately 3.63 million kilowatt hours and reduce greenhouse gas emissions by 1,249.27 tons of CO2 equivalent. The loan will be awarded at an interest rate of 3 percent. This project is estimated to save about \$330,568.00 annually and have a simple payback of 6.3 years. (ECAA funding.)	21
6. CITY OF YUBA CITY. Possible approval of Agreement 001-11-ECA for a loan of \$1,345,487 to the City of Yuba City to retrofit street lights. The project includes changing 3,338 street lights to LED technology. The project will save over one million kilowatt hours annually, or approximately \$122,317 in annual cost savings for Yuba City. The payback period is 11 years based on the loan amount. (ECAA funding.)	22

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7. COUNTY OF GLENN. Possible approval of Agreement 002-11-ECE-ARRA for a \$243,000 loan to the County of Glenn to install new energy efficient HVAC systems and interior lights. The county will use this loan, a PG&E rebate, and block grant funding to complete these two projects. These projects are estimated to save \$33,170 annually with a simple payback of 6.7 years. (ECAA and/or ARRA funding.)	24
8. CALIFORNIA CERTIFIED ENERGY RATING AND TESTING SERVICES (CalCERTS). Possible approval of California Certified Energy Rating and Testing Services (CalCERTS) as a Provider for Home Energy Rating Services (HERS) Building Performance Contractors.	25
9. 2011-2012 INVESTMENT PLAN FOR THE ALTERNATIVE AND RENEWABLE FUEL AND VEHICLE TECHNOLOGY PROGRAM. Possible adoption of the 2011-2012 Investment Plan for the Alternative and Renewable Fuel and Vehicle Technology Program. The purpose of the program is to develop and deploy innovative technologies that transform California's fuel and vehicle types to help attain the state's climate change goals. The Energy Commission is required to develop and adopt the Investment Plan to determine priorities and opportunities for the program, describe how funding will complement existing public and private investments, and serve as a guide for funding decisions.	103
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P R O C E E D I N G S

SEPTEMBER 7, 2011 10:10 a.m.

CHAIRMAN WEISENMILLER: Good morning. Let's start today's Business Meeting with the Pledge of Allegiance.

(Whereupon, the Pledge of Allegiance was recited in unison.)

CHAIRMAN WEISENMILLER: Good morning. Let's start the Business Meeting. In terms of announcements, Item 1J on the Consent Calendar has been delayed. That's the City of South Pasadena Item. With that, we'll go to the Consent Calendar. I'm going to split the Consent Calendar up into two Consent votes and hold Item 1I, Aspen, for a second vote and I'll recuse myself for that. So do I have a Motion for all of the Consent Calendar Items but for I and J?

COMMISSIONER DOUGLAS: Move Consent Calendar except for Items 1I and 1J.

COMMISSIONER PETERMAN: I'll second.

CHAIRMAN WEISENMILLER: All those in favor?

(Ayes) This Item passes.

COMMISSIONER BOYD: All right. The Chairman recusing himself from this Item. We have Item 1I on the Consent Calendar, Aspen Environmental Group having

1 to do with the Desert Renewable Energy Conservation
2 Plan.

3 COMMISSIONER PETERMAN: I'll second.

4 COMMISSIONER BOYD: We need a motion.

5 COMMISSIONER PETERMAN: I'll motion Consent
6 Item I.

7 COMMISSIONER DOUGLAS: Second.

8 COMMISSIONER BOYD: All in favor?

9 (Ayes) Ayes have it, three to nothing.

10 CHAIRMAN WEISENMILLER: Thank you. Let's go
11 to Item 2 which is Hidden Hills Solar Electric
12 Generating System. That's 11-AFC-02 and Mike?

13 MR. MONASMITH: Morning, Chair and
14 Commissioners. I'm Mike Monasmith, Staff project
15 manager along with Dick Ratliff, Staff Counsel. On
16 August 5, 2011, Hidden Hills Solar Holdings, LLC.
17 Submitted an application for certification to
18 construct and operate Hidden Hills Electric Generating
19 System. The Project will be located on approximately
20 3,300 acres of privately owned land leased in Inyo
21 County immediately adjacent to the Nevada border. The
22 project site is approximately 18 miles South from
23 Nevada and approximately 45 miles west of Las Vegas.
24 This project would use elevated mirrors to focus the
25 sun's rays on a solar receiver steam generator atop

1 two 750 tall solar power towers to generate a total of
2 500 megawatts of electricity.

3 Staff has completed its data adequacy review
4 of the AFC and has decided it does not meet all of the
5 requirements listed in Title 20 in the California Code
6 of Regulations, Section 1704 Appendix B. Of the 22
7 technical disciplines reviewed, we believe that the
8 information contained in the AFC is deficient in 9
9 areas, mainly air quality, biological resources,
10 cultural resources, efficiency, land use, traffic and
11 transportation, transmission system design visual
12 resources and waters. Therefore staff has asked the
13 Commission to find the AFC inadequate and adopt the
14 list of deficiencies which were filed together with
15 the Executive Director's September 2 data adequacy
16 recommendation.

17 MR. RATLIFF: Commissioners, in addition to
18 that, one of the things that we wanted to point is
19 that in the area of biological resources there is a
20 requirement that protocol surveys be done for golden
21 eagles. The survey that has been provided is,
22 according to U.S. Fish and Wildlife Service, not
23 consistent with what they think would be adequate so
24 we want to in the next week or two, sit down and have
25 further discussions with U.S. Fish and Wildlife

1 Services and talk with the applicant about how that
2 issue is going to be addressed and how we can get
3 those—how that survey problem can be addressed and
4 whether or not this can be an issue that's addressed
5 in discovery or whether it needs to be addressed as a
6 data adequacy issue.

7 MR. HARRIS: Oh, good morning. I guess it's
8 time to have more coffee I guess. I apologize. I'm
9 Jeff Harris here on behalf of the applicant Hidden
10 Hills Solar.

11 I'm here with Clay Jenson who's the Senior
12 Director of Project Development and also Susan
13 Strachan who's the Principle with Strachan Consulting
14 and the Environmental Project Manager for Hidden
15 Hills.

16 I'd like to turn it over to Mr. Jenson, let
17 him tell you a little bit about the project and then
18 address a couple of things Mr. Ratliff raised as well.

19 MR. JENSON: Chair, Commissioners, Clay
20 Jenson, Hidden Hills Solar. Thank you for the
21 introduction. I had planned to give you a brief
22 project overview but Mike's succinct summary provided
23 most of the detail I had planned to provide.

24 With that, I'm just going to highlight a few
25 areas that may be of interest in introducing the

1 project. You're all likely familiar with the Ivanpah
2 Solar Project that's currently under construction. We
3 are planning to use a similar technology platform but
4 we're going to expand upon that platform.

5 One of the key things that you've seen in
6 the staff report and Mike made mention to is the use
7 of a 750 foot tower. The Ivanpah Project was just
8 under 500 feet. We've realized that the next
9 technological platform would bump up to the 750 feet.
10 The advantage of doing that is that you're able to
11 bring the heliostats, the mirrors, into a more
12 concentrated area because you have less blocking
13 between the mirrors. By pushing the mirrors more
14 closely together, you're able to produce more energy
15 per acre than you would be able to with a shorter
16 tower.

17 So the goal is to reduce the footprint. So
18 in comparison to other technologies especially but
19 even compared to our Ivanpah Project that taller tower
20 allows us to produce more megawatts per acre to reduce
21 the disturbance footprint. So that's the key
22 different to going with that 750 foot tower.

23 We have met with and received the No Hazard
24 Determination from the FAA, worked with the Department
25 of Defense Facilities and it looks to be a very

1 compatible location for taller towers as compared to
2 the other regional projects.

3 The project, again, is a 500 megawatt net, a
4 540 megawatt gross. That's 2 250 megawatt net
5 projects with 2 750 foot towers. We are under
6 existing contracts with Pacific Gas & Electric for-to
7 be an off-taker for the energy produce from this
8 project. And that goes with PG&E's efforts to meet
9 California's RPS standard and to help reduce global
10 warming impacts. The project will produce enough
11 power to supply 175,000 homes. So we're thinking that
12 this is a productive site for development of our next
13 technological platform.

14 I've highlighted the key in the tower
15 difference. You'll learn in future hearings and staff
16 will concur that there's other subtle differences
17 between our Ivanpah model that's help to improve the
18 efficiency that we'll get into at a future date.

19 I wanted to conclude with thanking staff.
20 There's a lot of effort that goes in, as you know, to
21 these applications during the pre-filing process and
22 through the data adequacy reviews. We've been very
23 impressed with the proactive approach and we're
24 looking forward to working through data adequacy
25 moving forward. Thank you.

1 MR. HARRIS: If I might, I just want to add
2 a couple of things. First with regard to the Golden
3 Eagle issue that was raised, and staff has not had the
4 benefit of this information yet, we have completed our
5 data adequacy responses. Those are right now going to
6 print. And, as you know, there's 125 copies and
7 certain number of CDs that we'll let the lawyers
8 figure out but have to be produced. They're in
9 production so staff hasn't seen this information yet.

10 Surveys were conducted, they were conducted
11 on foot. And that was done at the direction of the
12 California Department of Fish and Game who said,
13 essentially, you can't use a helicopter to use those
14 surveys at this point because of the lambing season
15 for the Big Horn Sheep. So we've got a little bit of
16 a loggerhead between a couple of resource agencies
17 giving us directions on protocols. I think this will
18 be easily resolved when the biologists and not the
19 lawyers get in the room and talk these things through
20 after the meeting today. So I just wanted to put that
21 out there. And we do have a record of conversation
22 about the helicopter issue which we'll share with
23 staff later.

24 The second thing that I wanted to add is
25 that there are a few requests, and we've made this

1 known to staff, that we feel go beyond the
2 requirements of Appendix B. As you all know, data
3 adequacy is a pretty straightforward comparison
4 between the information in the application and the
5 requirements of Appendix B.

6 There are a few of these, and I just really
7 want to make the record on this, that we think are
8 really more appropriate for Discovery and staff, I
9 think, are leaning in that direction potentially on
10 some of these as well. I expect we're going to
11 resolve these issues pretty easily through our
12 discussions moving forward.

13 We've already been through things that are
14 going to help that process. Number one, even if we
15 felt it was Discovery, if we had the information
16 available we've provided it. That'll be in the
17 forthcoming document that I talked about that's in
18 production as we speak.

19 Secondly, even the ones that we think are
20 Discovery, at this point we've already started the
21 work. We've released the staff to go out and doing
22 the work and anticipate giving the information as the
23 first set of data responses. We're moving on these
24 things. I don't want you to think that we're standing
25 on a technicality that it's not exactly required by

1 Appendix B. I think it's important that we expedite
2 this given the hard efforts of your staff.

3 I think things are going very well. We're
4 very happy with the working relationship with staff.
5 We look forward to seeing you again very soon for data
6 adequacy. Thank you.

7 COMMISSIONER DOUGLAS: Thank you for the
8 report on the project. We also like to see solar
9 projects come to us. So, we look forward to working
10 with you. I will move to find the project not data
11 adequate currently but hope to see you before us again
12 and data adequate in the near future.

13 COMMISSIONER BOYD: Second.

14 CHAIRMAN WEISENMILLER: All those in favor?

15 (Ayes) This motion passes four to zero.
16 Thank you.

17 MR. HARRIS: Thank you.

18 CHAIRMAN WEISENMILLER: Next Item is number
19 3, Gateway Generating Station, 00-AFC-1C. Possible
20 approval of a petition to modify several Air Quality
21 conditions to reflect the Bay Area Air Quality
22 Management District current conditions and the
23 Prevention of Significant Deterioration enforcement
24 action that has been resolved by a court-ordered
25 Consent Decree. Craig?

1 MR. HOFFMAN: Good morning, Commissioners.
2 The Item before you again is reduction in air emission
3 standards for the Gateway Project. When the project
4 was first approved and licensed by the Commission back
5 in 2001 the project was conditioned with the
6 appropriate air emission standards. Since then, the
7 EPA reduced their emission rates and by consent
8 decreed by PG&E, the Bay Area Air Quality Management
9 District and EPA; they identified lower rates in four
10 areas. Basically in nitrogen oxide, nitrogen oxide
11 limits and also sulfur dioxide. The petition before
12 you at additional consent decree conditions to our
13 conditions and makes us consistent with the Bay Area
14 Air Quality District conditions. It's really a
15 housekeeping measure for us. If there are any
16 questions for us I might be able to answer.

17 CHAIRMAN WEISENMILLER: Is there anyone here
18 from the applicant? Or the Bay Area Air Quality
19 Management District? Any questions or comments from
20 the—

21 COMMISSIONER BOYD: No questions but I'll
22 just make a comment that it's always good to see
23 something moving in what I would consider a positive
24 direction with regard to air quality. If there are no
25 further questions, I'll move to accept the staff

1 recommendation.

2 COMMISSIONER PETERMAN: I'll second.

3 CHAIRMAN WEISENMILLER: All those in favor?

4 (Ayes) This Item passes four to zero.

5 Item 4. Energy commission committee
6 appointments. Possible approval of appointments to
7 the Energy Commission's Standing Committees and Siting
8 Case Committees. This has been a standing Item for
9 awhile as we look through for potential—who has been
10 waiting for a potential swearing in of a—but at the
11 same time at this stage I think it's important to move
12 forward on our consolidation of committees but our
13 first step is going to be, in terms of filling one of
14 the Siting Case Committee holes. So at this point,
15 I'd like to appoint Karen Douglas as the second member
16 on the Carlsbad Committee.

17 COMMISSIONER BOYD: I'll move that
18 suggestion—recommendation.

19 COMMISSIONER PETERMAN: I'll second.

20 COMMISSIONER BOYD: It gets very lonely
21 there all by myself.

22 COMMISSIONER PETERMAN: I'll second it.

23 CHAIRMAN WEISENMILLER: All those in favor?

24 (Ayes) This passes four-zero. Thank you.

25 Next, Item 5. California Department of

1 Corrections and Rehabilitation. Possible approval of
2 Agreement 001-11-ECD for a loan of \$2,056,229 to the
3 California Department of Corrections and
4 Rehabilitation for lighting system upgrades. Shahid?

5 MR. CHAUDHRY: Shahid Chaudhry. Good
6 morning, Commissioner Chairman. Good morning,
7 Commissioners. I'm Shahid Chaudhry with Special
8 Projects in the Division of Fuel Center and
9 Transportation. I'm here today to request your
10 approval for our loan of \$2,056,229 to the California
11 Department of Corrections and Rehabilitation. The
12 Department will use this loan to upgrade the lighting
13 system at the Corcoran Facility.

14 The number of lightings is approximately
15 15,000 and by doing so we're anticipating that that
16 department will reduce the energy consumption by about
17 3.6 million kilowatt hours.

18 The payback period on this project is
19 slightly over six years. Staff recommends your
20 approval may be granted please.

21 CHAIRMAN WEISENMILLER: Thank you.
22 Commissioners, any questions or comments. I would
23 note that this is ECAA funding.

24 COMMISSIONER PETERMAN: No questions but I
25 do have a comment. The Department of Corrections has

1 also been a model agency in terms of installing
2 renewables on its properties as well. It's great--
3 great to see them putting in the energy efficiency
4 work and I look forward to, in turn, working with the
5 Department of Corrections on the state's goal for
6 2,500 megawatts of renewables on state property. And
7 glad to see this item on the agenda.

8 MR. CHAUDHRY: Thank you.

9 COMMISSIONER PETERMAN: If there are no
10 other questions, with that I'll make the motion to
11 accept Item number 5.

12 COMMISSIONER DOUGLAS: Second.

13 CHAIRMAN WEISENMILLER: All those in favor?

14 (Ayes) This Item passes unanimously.

15 MR. CHAUDHRY: Thank you very much.

16 CHAIRMAN WEISENMILLER: Thank you. Item 6.

17 City of Yuba City. Possible approval of Agreement
18 001-11-ECA for a loan of \$1,345,487 to the City of
19 Yuba City to retrofit street lights. This is ECAA
20 funding. Cheng?

21 MR. MOUA: That's correct. Thank you and
22 good morning, Commissioners. My name is Cheng Moua
23 and I'm with the Fuel and Transportation Division,
24 Special Projects Office.

25 This Item is a request for approval of an

1 ECAA loan with an amount of \$1,345,487 for the City of
2 Yuba City. Yuba City has requested this loan to fund
3 their street light retrofit project which includes
4 retrofitting 3,338 street lights to LED light
5 technology. The current street lights are high
6 pressured sodium lamps with a few metal halides and
7 the project is estimated to reduce the city's annual
8 energy use by over one million kilowatt hours. This
9 results in an annual cost savings of over \$122,000.
10 The total cost for the project is approximately \$1.5
11 million. The City of Yuba City anticipates receiving
12 \$215,000 from utility rebates. The rest of the
13 funding is expected from the approval of this loan.
14 The simple payback from this loan is 11 years based on
15 the loan amount and the interest rate of 3 percent.
16 Staff has determined that this loan request complies
17 with all the program requirements and I'm here to seek
18 your approval. Thank you.

19 CHAIRMAN WEISENMILLER: Thank you.

20 Commissioners, any questions or comments?

21 COMMISSIONER PETERMAN: Could you just
22 confirm again what the payback period is?

23 MR. MOUA: It's 11 years.

24 COMMISSIONER PETERMAN: Thank you.

25 COMMISSIONER DOUGLAS: This sounds like a

1 very good project. If there are no comments, I'll
2 move approval.

3 COMMISSIONER BOYD: Second.

4 CHAIRMAN WEISENMILLER: All those in favor?

5 (Ayes) This Item passes unanimously.

6 MR. MOUA: Thank you.

7 CHAIRMAN WEISENMILLER: Thank you. Number
8 7. County of Glenn. Possible approval of Agreement
9 002-11-ECE-ARRA for a \$243,000 loan to the County of
10 Glenn to install new energy efficient HVAC systems and
11 interior lights. This is ECAA and/or ARRA funding.
12 Joseph?

13 MR. WANG: Good morning, Commissioners. My
14 name is Joseph Wang and I'm the Proposer of this loan.
15 The County of Glenn is applying for a loan of \$243,000
16 to install three HVAC systems at three county
17 facilities in Willows and Orland. The County also
18 plans to use this loan to replace the old T12
19 fluorescent lamps with new energy efficient TA lights
20 in 13 buildings. This loan will be combined with
21 county block grant funds and PG&E rebates to improve
22 the energy efficiency in 16 county buildings. The
23 combined project is expected to save about 82 kW of
24 peak energy and also save about \$33,170 in annual
25 energy costs and have a simple payback of 6.7 years.

1 These energy efficiency measures will also reduce the
2 carbon dioxide emission by over 153,000 pounds a year.
3 This project will be split funded by ECAA funds and
4 ARRA funds and the interest rate will be e percent.
5 Staff has completed review of this project and
6 requests approval of this loan.

7 CHAIRMAN WEISENMILLER: Thank you.

8 Commissioners, any questions or comments?

9 COMMISSIONER BOYD: If there's no comment,
10 I'll move approval.

11 COMMISSIONER PETERMAN: I'll second.

12 CHAIRMAN WEISENMILLER: All those in favor?

13 (Ayes) This Item passes unanimously. Thank
14 you.

15 MR. WANG: Thank you.

16 CHAIRMAN WEISENMILLER: Item number 8.

17 California Certified Energy Rating And Testing
18 Services (CalCERTS). Possible approval of California
19 Certified Energy Rating and Testing Services
20 (CalCERTS) as a Provider for Home Energy Rating
21 Services (HERS) Building Performance Contractors.
22 Jim?

23 MR. BARTHOLOMY: Good morning, Mr. Chairman
24 and Commissioners. My name is Panama Bartholomy. I'm
25 Deputy Director for the Efficiency and Renewables

1 Division here at the Commission. I'm going to be
2 providing you with a brief presentation to provide
3 some context for this Item and then throwing it over
4 to Jim Holland and Rashid Mir from the Enforcement and
5 Compliance Division Unit of my Division as well.

6 So thank you very much for your time and
7 attention. We'll get right into the presentation.
8 The Item you have before you is the culmination of a
9 long journey from the Energy Commission, our support
10 for building performance contracting in California.
11 In short, building performance contracting involves
12 contractors trained in building science and the
13 understanding of buildings as a whole system and then
14 skilled with the types of training they need to be
15 able to bring about changes that reduce energy
16 consumption and improve comfort in buildings.

17 The slide before you shows the long history
18 over the last 20 years of the Energy Commission
19 working with industry, working with Department of
20 Energy and other parties to bring about a robust
21 building performance contractor community both in
22 California and across the nation.

23 In 1993, legislation passed that amended the
24 Warren-Alquist Act in 1994 that put into effect the
25 statutory foundation and direction to the Energy

1 Commission for the California Home Energy Rating
2 System, or the HERS program. It called for, as the
3 slide suggested, a consistent, accurate and uniform
4 rating based on a single statewide rating scale that
5 provides reasonable estimates and utility bill savings
6 and cost effective recommendations for improving
7 energy efficiency. It call on the Energy Commission
8 to create a program for training and certification for
9 home raters and quality assurance procedures and it
10 called on us to create a centralized database for
11 uniform reporting to be able to track progress within
12 the program.

13 There are three major players within the
14 HERS program in California - the Energy Commission,
15 HERS providers and HERS raters and I'll just briefly
16 go over each of those responsibilities.

17 The Energy Commission is responsible for
18 promulgating and updating regulations to implement the
19 statutes that give us a direction on HERS. The
20 Commission also reviews and approves provider's
21 applications for certification and to offer services
22 under the program. And then we provide oversight for
23 providers as well.

24 HERS providers in California do the
25 training, the testing and the certification of home

1 energy raters, commonly called raters, as well as
2 maintain the registries, the database on all HERS
3 project filings and provide quality assurance
4 oversight for the HERS raters. The raters themselves
5 provide both field verification and diagnostic testing
6 for Title 24 and provide whole house ratings for
7 residents in the real estate community in California.

8 Just some background on the Energy
9 Commission's role in this. The Energy Commission, on
10 the promulgation updating of regs. We hold a series,
11 as you are quite familiar with, our normal public
12 workshops on both draft and final regulation. The
13 regulation are finally adopted at a Business Meeting
14 by the Commission and forwarded on to be reviewed and,
15 hopefully, approved by the Office of Administrative
16 Law. At that point, providers in California use those
17 regulation to submit applications to be able to
18 provide services here at the Commission.

19 The Commission staff reviews the curriculum,
20 the tests, the data registry and all of the
21 organizational infrastructure being proposed within
22 that application. We see whether it meets the
23 expectations of the regs and the statute. We work
24 with the provider to make any needed improvements and
25 then we come to the Commission and recommend either

1 approval or denial of that application. All of the
2 material that is within the application from the
3 providers represents a significant amount of
4 intellectual property and work on the part of the
5 providers and so the regulations allow for a
6 confidentiality clause where the—all of the material
7 is protected and not shared publicly in order to
8 protect the intellectual property of each of the
9 providers.

10 And, lastly, we provide oversight to all the
11 HERS providers in California and check on their
12 oversight and their quality assurance they perform on
13 raters.

14 We began the implementation of the HERS
15 program in California in 1999 in part to deal with, at
16 the time, a rash of construction and installation
17 defects happening in the building industry across
18 California. We worked with the building industry to
19 put into effect what are called HERS field testing and
20 diagnostic raters where they become a key part of our
21 compliance with Title 24, Part 6 the energy efficiency
22 part of the building standards. These Title 24—I'm
23 sorry, these HERS raters check key energy efficiency
24 regulations in key climate zones of California to make
25 sure that they're installed correctly and performing

1 up to a point where they are meeting our standards.
2 We have over 1,000 individual raters right now who are
3 working in Title 24 compliance within the state.

4 What we're discussing today though is Phase
5 2 of the HERS program. The whole house energy rating
6 program that really was envisioned by the legislature
7 when they originally implemented the statutory
8 language. This program will, as the statute directs
9 us to, provide this consistent, accurate, uniform
10 whole house energy rating for newly constructed and
11 existing homes in California with labeling procedures,
12 the training programs and everything else to bringing
13 it fully compliant with the statute and the direction
14 given to us.

15 We began the development of this second
16 phase of the HERS program, commonly called HERS II, in
17 2007 with a series of workshops here in Sacramento
18 both staff workshops and Committee workshops over a
19 two year period. We had a significant amount of input
20 from a stakeholder advisory group. As we've had
21 Efficiency Committee workshops and staff workshops on
22 the development of the regulations for this program,
23 accepted both public and written comments at workshops
24 and on draft language. We had great representation
25 from the home performance community, from HERS

1 providers, from utilities, building industry and
2 significant amount of others.

3 Finally, in December 2008 at Chairman
4 Pfannenstiel's last meeting here at the Commission,
5 she really carried it through from the Efficiency
6 Committee, the HERS Phase II Regulations were adopted.
7 We then forwarded it on to OAL and the regulations
8 were put into effect in September of 2009.

9 What the HERS II allows for is two different
10 certifications for raters, and independent whole house
11 rater and a building performance contractor rater. An
12 independent whole house rater are independent raters
13 without any financial raters as defined in the
14 regulations with contractors who would eventually
15 perform energy efficiency improvements on a home or
16 building or contractors for a new home. So this is an
17 individual rater that comes out using a standardized
18 state software and standardized state assessment
19 protocol. They can then work with a homeowner to
20 explain to them how their home is performing and the
21 most cost effective ways that they can upgrade their
22 home to both reduce their bills as well as improve
23 comfort within their home.

24 These independent raters provide these
25 assessments for both consumers and realtors. They can

1 provide ratings for energy efficient mortgages and
2 they perform both whole house ratings and the field
3 verification for Title 24 and one stop at the
4 homeowner's house.

5 What we're discussing today is the
6 culmination of the movement toward a second path of
7 Phase II for HERS which is the building performance
8 contractor path. What this will allow is it allows
9 building performance contractors to do ratings on
10 homes as well as to perform the work on their homes.
11 It will require that a HERS building performance
12 contractor be at least a Class B building contractor
13 and they will need to employ a building performance
14 contractor rater that's trained and certified by a
15 qualified provider.

16 Because you will have an individual company
17 that will be providing both the work and the rating
18 for these homes, these building performance
19 contractors will have a heightened disclosure and
20 quality assurance procedures imposed on them in order
21 to protect consumers by HERS-by the HERS providers.

22 These building performance contractors are
23 going to be trained to follow industry best practices
24 for installation as defined by the Building
25 Performance Institute and also be able to provide the

1 consumers with a single point of contact for both
2 improvements as well as ratings and recommendations
3 using a standardized approach, definitely cutting down
4 on the amount of visits the contractor has to make or
5 a program administrator has to make for a homeowner.

6 At that points, it concludes my presentation
7 and I would like to hand it over to Jim Holland to
8 talk about the application before you from CalCERTS,
9 the applicant. The applicant is here in the room as
10 well and if you have any questions for them, they'd be
11 happy to answer them as well. Thank you very much.

12 MR. HOLLAND: Thank you, sir, for the
13 background information in helping everyone understands
14 the facts surrounding this item.

15 Good morning, Chairman and Commissioners.
16 I'm Jim Holland of the Building Standards
17 Implementation Office and with me is Rashid Mir of the
18 same office.

19 Staff is requesting Energy Commission
20 approval of the application by California Certified
21 Energy Rating and Testing Services hereafter referred
22 to as CalCERTS to become a provider for home energy
23 rating system building performance contractors or HERS
24 BPC for short. This approval does not change the
25 current HERS regulation and becoming a HERS BPC is

1 completely voluntary.

2 The Energy Commission approved CalCERTS as a
3 HERS provider for independent whole house raters at
4 the July 28, 2010 Business Meeting. Today's request
5 builds upon this prior approval. After an open public
6 review process that included stakeholders such as HERS
7 providers, HERS raters, HERS performance contractors
8 and their affiliate organizations, the Commission
9 adopted the current HERS regulation in December 2008.

10 The regulations went into effect of
11 September 2009 and included the provisions for the
12 HERS BPC program. The HERS BPC program is a special
13 approval category under the HERS regulation. This
14 designation combines a licensed Class B general
15 building contractor and a HERS whole house rater to
16 provide ratings for home that they have completed
17 energy efficiency improvements on.

18 The HERS BPC will take into account the
19 complex interactions of the home's various components
20 and evaluate how they affect the efficiency, comfort,
21 safety and durability of the home.

22 The Energy Commission has worked closely
23 with the Building Performance Institute, BPI, to
24 create a California conditions tailored program that
25 aligns with BPI's practices. BPI's building analysts

1 and certifications are required to become a HERS BPC.

2 Staff has thoroughly reviewed the CalCERTS
3 HERS BPC application package which includes training
4 material, register upgrades, quality assurance plans
5 and legal agreements and has found all aspects of the
6 application package to be in compliance with the
7 requirements of the HERS regulations.

8 It is for this reason that staff is
9 recommending approval of CalCERTS as a provider for
10 HERS building performance contractors. Thank you.

11 CHAIRMAN WEISENMILLER: Thank you. We have
12 a number of requests for comments. I was going to
13 start with CalCERTS, do you want to—

14 MR. BACHAND: Good morning, Commissioner
15 Chairman Weisenmiller. I'm Mike Bachand from
16 CalCERTS. Good morning. Thank you for an opportunity
17 to speak before you this morning.

18 Before I forget and things get out of hand,
19 I would like to thank the Commission, specially staff
20 starting with Panama and all the people under his
21 authority right now, Bill Pennington, Rashid Mir, Jim
22 Holland, all the people who have worked with us on an
23 unprecedented level to come to an approvable program
24 that is quite rigorously reviewed and detailed in
25 every way.

1 I'd also like to thank my staff for working
2 very hard to bring this all together. I also wanted
3 to say a few things about the process that we've been
4 through other than the technical ideas of meeting the
5 guideline of the Commission.

6 In 2007, during the workshops, before the
7 approval of the 2008 Phase II Regulations, I stood at
8 this microphone and asked for a solid definition of
9 what a building performance contractor would be in the
10 eyes of the Commission as it relates to the HERS
11 regulations. And they provided that. And that was
12 the target that we were shooting for.

13 In 2009 we started this process of working
14 through the HERS II process, what a HERS II rater is,
15 how a HERS II rater would relate to contractors and it
16 was a lot of meetings and a lot of time spent working
17 with not just Commission but a lot of stakeholders in
18 the industry.

19 I want to make a firm statement here today
20 that we are certainly willing to work with the
21 contracting community, contracting associations as
22 they might exist anywhere and other stakeholders to
23 bring this to the best possible marketplace and market
24 service that it can provide.

25 To achieve that, we have hired 7 people this

1 year, I have 4 licensed contractors on staff, 3 of
2 them are building type contract managers and the 4th
3 one is me. I aced my license a while back. My
4 license starts with a 5 so that tells you how old I
5 am. We've talked with BPI and Tiger Adolf, their
6 director out here, and Conrad at CBPCA and some other
7 people to determine what their needs and thoughts are
8 on the process. We haven't come to any agreements or
9 anything but we've talked about what we could do.

10 We are working on developing a contractor
11 mentoring program that we think will be very
12 innovative and helpful in the marketplace so that
13 contractors who don't feel that they can go out and
14 maybe do their first couple of jobs confidently, we
15 will be able to bring qualified people to their jobs
16 to help them. Those processes are in process. We
17 don't have the program designed but they are on our
18 drafting table to do.

19 We are starting to work with SMUD to meet
20 with their contractors on their rebate programs about
21 how a rater can make ratings more relevant to
22 contractors. So maybe a rater can gather additional
23 information other than what is required for the rating
24 that would help a contractor understand by looking at
25 the raters work what the house is like.

1 We've worked on pricing issues. We've
2 worked with hundreds—we have literally thousands of
3 hours invested in this process and doing the
4 curriculum we had to hire trainers to do the training
5 while our Director of Curriculum Development, Russ
6 King, wrote the curriculum and worked through that
7 process. We had to relieve him from training at times
8 in order to give him an opportunity to finish this in
9 a timely fashion.

10 We worked with BPI and CEC to combine our
11 training with the BPI trainings so that there would be
12 no overlap in trainings, people would not have to sit
13 through the same course material twice. So we reduced
14 our training which was a difficult and careful process
15 so that we made sure that we maintained the integrity
16 of the HERS information that needs to be transmitted
17 to these people and yet not overlap stuff that they
18 had already worked with.

19 We were able to cut that training a little
20 more in half so a 15 ½ day training dropped down to
21 about 5 or 6 days or so. We worked with BPI also to
22 design our QA program so that it would satisfy most of
23 their requirements. They have a couple of
24 requirements that are not directly pertinent, that
25 they need to know about because of their affiliation

1 requirements or accreditation requirements, pardon me.
2 But barring those, our QA process will satisfy the BPI
3 QA process so that a homeowner doesn't have to come
4 home after the job has been done and have our QA guy
5 come in and take another day off next week to have the
6 BPI QA person come in. We will be able to report
7 those QA persons, those QA jobs to BPI.

8 We will work with and we've tried to work
9 with some recognized training facilities to find out
10 ways to allow them to deliver our curriculum but we're
11 very careful about that for a couple of reasons.
12 First of all, Title 20 requires that we, CalCERTS,
13 certifies to the CEC that the rater has met and
14 continues to meet all of the requirements of the
15 program of the approval program.

16 We're ultimately on the hook, we feel, for
17 the monitoring that and doing the QA and so forth. We
18 want to make very sure that the training delivered is
19 adequate, not talked to the test and has the high
20 quality that we expect. We'd also like to reduce some
21 of our development costs, of course. They are
22 substantial.

23 Our building performance contractors
24 program, we feel, will support the contractor's
25 efforts out in the marketplace. There is going to be

1 some differences of opinion on that, I'm sure, but we
2 feel that it will help consumers feel more confident
3 that the work is being done on their home by higher
4 qualified people. BPC, building performance
5 contractors, can consider themselves the elite of the
6 trained contractors. They've got more training on
7 more things than any other contracting community out
8 there. They should hopefully be able to market that.
9 They should be able to say what their disclosures are,
10 "We're disclosing to you that fact that our own person
11 is doing this assessment but we're being looked at
12 very carefully by oversight agency."

13 And that the higher training that they
14 provide will actually bring a better understanding to
15 the contractor of the goals of the work that they are
16 doing. The overall goal as a whole house as a system
17 approach.

18 And, finally, we feel that it aligns rather
19 closely with the home performance with the Energy Star
20 programs also. CalCERTS is an Energy Star version 3
21 training provider also and so we are in touch with
22 Energy Star on an ongoing basis to make sure that we
23 are watching their programs and complying with those.

24 If you have any questions, I'd be happy to
25 answer them either now or later. And I might require

1 some help from my staff on some of the questions.

2 Thank you very much.

3 CHAIRMAN WEISENMILLER: Commissioners, are
4 there any questions or comments? Not yet. Okay, so
5 let's go on to the next--thank you. Let's go on to the
6 next speaker. Tamara?

7 MS. RASBERRY: Good morning. I am Tamara
8 Rasberry from SEMPRA Utilities, the San Diego Gas &
9 Electric Company and the Southern California Gas
10 Company. When I sent out a notice to our offices in
11 Southern California that this Item was up, I received
12 an overwhelming response in support of this Item.

13 So I'm here today to ask and seek your
14 approval of this Item from the Commissioners to
15 approve CalCERTS as a provider for the HERS BPC.

16 And to just summarize some of the comments
17 that I received that approving this program affords an
18 opportunity for contractors to provide whole house
19 ratings as part of their market services for home that
20 they perform work on. It also aligns quality
21 assurance procedures for both HERS and BPI. It also
22 expands the role of the HERS raters as Panama said
23 earlier. And the potential increase and participation
24 by consumers by whole house retrofit programs by
25 simplifying the process.

1 So I'm very happy that I could be here today
2 because this is my last week of work so you won't see
3 me for awhile. But in summary, we just thank you.
4 Thank the team for their work. And ask for your
5 support on this. Thank you.

6 CHAIRMAN WEISENMILLER: Thank you. The next
7 speaker is Conrad Asper.

8 MR. ASPER: Mr. Commissioner and
9 Commissioners. Thank you very much for allowing me to
10 speak today. My name is Conrad Asper and I'm the
11 Executive Director of the California Building
12 Performance Contractors Association.

13 Before you today there is a seemingly
14 routine piece of business and it's Item 8 on the
15 agenda and it puts into motion the building
16 performance contractors path as part of the Home
17 Energy Raters program, known as HERS II. I want to
18 let you know today that the CBPCA opposes the adoption
19 of this at this time.

20 Indeed it's clear to us from events happened
21 over the last few days that the current stakeholders
22 in the construction and energy efficiency industries
23 would like to have more time and a meaningful
24 opportunity to discuss the wider implications of the
25 further implementing of HERS II prior to the

1 Commission taking action on this issue.

2 Essentially, we're requesting that the
3 Commissioners hit the pause button and ask the CEC
4 staff to further examine the wider implications with
5 current stakeholders of this implementation over the
6 next few months.

7 The number that we saw in Panama's speech in
8 presentation here was 2008. That number kept coming
9 up as when this was last discussed publicly and this
10 stakeholder's meeting that was put together---
11 stakeholder's webinar September 2, last Friday, was a
12 bit hurried. I really appreciate that it was put
13 together because we did want to understand the HERS
14 process and what was going on at this point. Through
15 that webinar there were a lot of questions and
16 concerns of the 50 some odd people that were on that
17 call. And this was a call that was put together with
18 basically 24 hours notice for us to send out emails to
19 contractors to get them to come along to have a
20 discussion about this.

21 We're not saying that this is wrong. We're
22 not saying that this is a bad piece of policy. We're
23 just saying that we want some more time for the
24 stakeholders, the current stakeholders not
25 stakeholders of 2008 but the current stakeholders, to

1 have an opportunity to voice concerns and talk about
2 this a bit more. And that's really why I'm here
3 speaking today.

4 Our position is that the stakeholders that
5 are involved now, their ideas have matured
6 tremendously since 2008 and HERS--the broader HERS
7 issue and further implementation of that, I know that
8 we're going to be having the opportunity, I hope, to
9 be discussing that further but this adoption of this
10 approval will push the implementation of the HERS II
11 forward is how we see it.

12 There is a concern that was raised on the
13 call that the adopted of Item 8 would create a virtual
14 monopoly of the marketplace. I know that Mike is
15 committed to talking to different training groups and
16 stakeholders but once this is put into place, the
17 motivation to be able to do that is much less. So I
18 would be concerned that there wouldn't be the
19 collaborative ability to have multiple training
20 providers in the state once this is pushed forward for
21 HERS II.

22 Other concerns, the HERS II--if this is moved
23 forward today, there may be further questions in the
24 marketplace. Will HERS II happen? Will it not
25 happen? Should contractors invest in HERS II training

1 now or not? These concerns and questions are going to
2 be further raised even at a time that the Commission-
3 or Panama and the CEC staff had sent out a memo
4 stating that we would not be requiring HERS II ratings
5 on the current utilities program funding cycles. In
6 essence it seems that—it appears to be that the CEC is
7 putting the brakes on, forcing HERS II as a
8 requirement while applying the gas to implement the
9 building performance contractors path with HERS II
10 certification.

11 The question is why are we doing that before
12 we have meaningful conversation about HERS II moving
13 forward. That conversation moving from, as I
14 understand it, from that same memo is going to come
15 over the next few months. Those are my main concerns.

16 Finally, I do want to put on record now that
17 industry leaders—that industry leaders want to go on
18 record as stating that the entire HERS II issue needs
19 to be discussed with current stakeholders in light of
20 current market realities. Such a meaningful
21 discussion needs to occur given the emergence of this
22 different landscape that has come into place since
23 2008. We are interested now in really digging in at a
24 whole new level of discovery in this and we hope that
25 the Commission will put the pause button here and hold

1 on this and give current stakeholders more time to
2 have further webinars not just the one that was on
3 Friday but further webinars and discussions around the
4 wider implications of what this will occur. So I
5 think you very much for your consideration of this
6 request and, again, I urge you to delay the decision
7 and I request a full discussion on HERS II issues
8 prior to moving forward.

9 CHAIRMAN WEISENMILLER: Thank you. Next
10 speaker is Tiger Adolf.

11 COMMISSIONER PETERMAN: Can you come back?
12 Sorry.

13 COMMISSIONER BOYD: Mr. Asper, would you
14 come back?

15 COMMISSIONER PETERMAN: I just wanted to
16 know if you could elaborate more specifically why you
17 see approval of the HERS BPC leading to a virtual
18 monopoly?

19 MR. ASPER: Well, there's only one provider
20 currently and that's CalCERTS. As having been a
21 provider for HERS, I know what it takes to really try
22 and the resources and the time it would take to end up
23 getting a HERS II certification to be able to actually
24 be a provider that can participate in this. So that's
25 not going to happen. CalCERTS has that position now.

1 It's very questionable if this other organization is
2 going to get that position. My understanding is
3 probably not but who knows. CBPCA certainly isn't
4 going to get that position in the near future. So
5 that then leaves collaborating with other training
6 organizations to provide the service. Again, if this
7 is passed, there's no real incentive for CalCERTS to
8 collaborate with other training groups. I mean, they
9 have it all. That's fine. That may be fine for the
10 marketplace for now but for the foreseeable future
11 there's not going to be other options for contractors
12 to do this kind of training. And right now it's true.
13 It's not a requirement in the programs that this will
14 happen, however Commission can pull the trigger in the
15 future and it is a requirement and then without having
16 other organizations---training organizations in the
17 game, they're going to be the only group in town that
18 has a specific certification that then becomes
19 required. Does that make sense?

20 COMMISSIONER PETERMAN: It does. I guess I
21 just wanted to clarify and make sure that I have it on
22 the record though that this will not preclude you from
23 providing your services elsewhere?

24 MR. ASPER: I'm sorry, say again.

25 COMMISSIONER PETERMAN: Will there not be a

1 demand for your services after this? Will there not
2 be a demand for your specific services?

3 MR. ASPER: It's debatable, of course. I
4 feel that if a contractor can go to a one stop shop
5 and get it all, what's the motivation to be able to go
6 here for a piece and here for a piece and then do some
7 kind of a bridge with a test to then get the final
8 piece.

9 COMMISSIONER PETERMAN: The transaction cost
10 will also be higher than to go to both parties?

11 MR. ASPER: Absolutely.

12 COMMISSIONER PETERMAN: Okay.

13 MR. ASPER: Absolutely. On the contractor.

14 COMMISSIONER PETERMAN: Okay. Thank you.

15 COMMISSIONER BOYD: Mr. Asper, I have a
16 question, if you would please. Excuse me. I want to
17 try to understand something that I thought I heard
18 with regard to timing. You referenced 2008 as did Mr.
19 Bartholomy but you referenced it as the last time
20 there was any kind of dialogue on the subject. Or at
21 least you left the impression that there's been no
22 dialogue on the subject until last Friday. Have there
23 been no webinars, workshops, consultations since 2008
24 or in 2008 forward until last Friday?

25 MR. ASPER: It's my understanding there has

1 not been any specific dialogue recently in the last 6-
2 8 months, maybe a year, as to whether-what the wider
3 implications of having this building performance
4 contractors pass implemented at this time would be. I
5 think-it just kind of-we asked for this from Panama,
6 I'm sorry, from the CEC. I shouldn't specifically say
7 Panama because it's not-he's got a lot going on here.
8 I appreciate-

9 COMMISSIONER BOYD: It started before his
10 watch if that's what you're trying to say.

11 MR. ASPER: I do appreciate the friendship
12 with the CEC and I'm not trying to make problems here.
13 That's not my goal here in anyway. I'm just raising
14 my hand here saying let's take a timeout here and have
15 more discussion before it is implemented and approved.
16 That's all I'm asking. I think it seems pretty
17 reasonable but that's up to you.

18 COMMISSIONER DOUGLAS: Commissioners, let me
19 just-I don't know if you have more questions
20 Commissioner Boyd but you sent me a letter that I
21 haven't had a chance to respond to. I got it
22 yesterday morning and I spent some time following up
23 on some issues that you raised. The first thing that
24 I'd like to say is that it would be great if we could
25 set up an appointment and talk about your views on

1 HERS II because I hear a lot in your comments
2 ambivalence about HERS II. Right now, HERS II is not
3 required. Right now, different providers have made
4 different decisions about how much to invest in being
5 certified for HERS II and it's not currently required
6 and we're not requiring it for the ARRA projects so
7 that I think that would be—I'd like to hear your views
8 on HERS II.

9 In terms of the building performance
10 contracting path, first of all it's in our regulations
11 and we don't, typically, have public hearings before
12 certifying a provider. We have a pretty rigorous
13 process and my own view is that it's a very rigorous
14 process. If it errors, it errors on the rigorous side
15 and I'm not sure that it errors and we have a tough
16 process for providers to get through in order to get
17 certified in these various areas.

18 I think that there's a very different niche
19 for the independent rater community and the building
20 performance contractor and some people will be more
21 attracted to one approach versus another. Some people
22 will prefer the independent rater because they're the
23 people who shop for the second opinion and it's often
24 a good idea in the world to do that. Other people
25 will get a recommendation from someone they trust,

1 someone who they view as a good contractor and have
2 the reduced transaction cost and ability to move
3 forward with that person. I think that there are
4 safeguards and I think that we are very, very, very
5 open to having, in fact we would like, to have more
6 providers take this path. I think one of the
7 questions that I asked staff in response to seeing
8 your comments yesterday was about the issue of
9 trainings. Have we made sure that someone can do BPI
10 training in one place and have that count and not
11 discounted? What if they were to go to CalCERTS and
12 then get the building performance contracting HERS II
13 certification? I think I'll ask staff to speak to
14 that because that's pretty responsive to one of your
15 concerns.

16 But in any case—I spent some time digging
17 into some of the concerns you raised. And I want to
18 invite you to come and speak with me more broadly
19 about some of the broader issues that you've raised.
20 Let me ask staff to talk about provisions you've made
21 to make sure that somebody can take a BPI course from
22 one provider and then have that count towards the HERS
23 II building performance contractor certification.

24 MR. MIR: Good morning, Commissioners.
25 Rashid Mir with staff. As part of the development of

1 the BPC program, CalCERTS had submitted applications
2 before. We had talked to them I believe since
3 September of last year. CalCERTS, the Commission and
4 BPI and some home contractors, we had a very good
5 discussion. And one of the things that they did ask
6 for was to allow for a streamline process where home
7 performance contractors who already have individuals
8 who are certified through the Building Performance
9 Institute as building analysts can take a path that
10 they don't have to take, training that they've already
11 been certified for. The Building Performance
12 Institute has a lot of training and good standards.
13 What they do not have is the California specific
14 requirements and rules that are laid out through the
15 Title 24 process for HERS field verification raters
16 and then throughout HERS whole house program. So
17 those, we believe, are very important training
18 opportunities and needs for HERS raters and HERS
19 building performance contractors.

20 CalCERTS is going to have a path where a
21 certified building performance—someone certified
22 through the Building Performance Institute as a
23 building analyst can challenge tests. They'll still
24 have to take all the tests required but the training
25 will be reduced. They will not be retrained on the

1 stuff they already know but they will need to know—
2 they'll be trained on the HERS specific items.

3 Just in terms of terminology, the providers—
4 there's HERS providers, the three HERS providers
5 CalCERTS is a HERS provider for whole house energy
6 ratings and then there's BPI training affiliates who
7 are affiliated with the Building Performance Institute
8 and train people and get them ready for them to pass
9 the BPI training test.

10 COMMISSIONER DOUGLAS: Thank you for that.
11 I think we should let you comment since we've asked
12 you to come back up here but let me ask you to comment
13 also on the last thing that I'll say at this point
14 which is you're asking us to deny approving the
15 certification of somebody who has followed all of the
16 rules that we have, who has complied with the existing
17 regulations and who has invested significant resources
18 in doing so under the existing rules. So I don't
19 think, myself, that the equities are in favor of doing
20 that but I would like to give you the opportunity to
21 speak to that, if you'd like.

22 MR. ASPER: I don't know that I'd frame it
23 as denying; in essence maybe that is what it would be.
24 I don't know. It seems to me that it's asking for a
25 delay so not approve it today but let's have some more

1 discussion about this. I have to question CEC staff
2 put together a webinar so quickly in the 11th hour to
3 communicate this. I appreciate this but in this
4 webinar, it raised a lot of concerns and that's what
5 solidified me to state my piece here. In tandem with
6 that last week, BPI sent out to all the affiliates in
7 the state a questionnaire. One of the conclusions is
8 that there is confusion about the BPC--of what the BPC
9 will entail and what it might mean to the industry.
10 That's one of the main conclusions. Once you pull the
11 trigger on this, you can't pull it back--I don't think.
12 It's just something that I think needs a little bit
13 more time from industry stakeholders, current industry
14 stakeholders, to be able to have some meaningful
15 dialogue about. It also, of course, leads to that
16 further conversation that I really want to have with
17 you Karen and I appreciate that you welcome the
18 dialogue because we do need to talk about HERS moving
19 forward as well. I'm a year into this. I'm new to
20 the industry. So just doing my best here. I did hear
21 confusion. I did hear concern on that seminar--on that
22 webinar on Friday before the holiday weekend. I just
23 thought it should be raised. I appreciate your
24 consideration. Thank you.

25 CHAIRMAN WEISENMILLER: Thank you. Next

1 speaker is Tiger Adolf from the Building Performance
2 Institute.

3 MS. ADOLF: Please forgive my technical note
4 strategy here today. Chairman Weisenmiller and
5 Commissioners, thank you for your time today. I am
6 Tiger Adolf. Director of the Western Region for BPI.
7 In my role, I'm not allowed to advocate. I may only
8 educate and advise and that's what I'm here to do with
9 you today, to share some concerns from the contractor
10 and the training community and hopefully encourage you
11 toward some positive next steps.

12 I have great respect for the people on both
13 sides of this issue. The Commission staff, efficiency
14 first, CBPCA and BPI contractors that you'll hear from
15 today are all very passionate and what they all want
16 to do is the right thing.

17 Cold showers and hot beer. That's why
18 people call it contracting. Their house doesn't work.
19 They don't need a score to tell them your house sucks,
20 here's a report, I can't help you fix it but here's
21 somebody who can, no I can't tell you who can but when
22 you find somebody I can come back and give you another
23 score. And then when the code changes in 3 years, I
24 can come back and give you a score again because it's
25 going to change at that time. That's not what they're

1 looking for. Homeowners want solutions. They want to
2 hire somebody who can give them the hot showers and
3 the cold beer and they hire building performance
4 contractors like those sitting in the room to give
5 them the solutions.

6 And the State of California values the
7 score. You want that score in the hope that it will
8 help you measure, what-energy reduction? Carbon
9 reduction? These don't matter if nobody wants to buy
10 it. If there's not a market for it.

11 The BPC has the ability to bring that
12 package together and provide a one-stop shop for
13 ratings and improvements together. That's why I see
14 the value of BPC but the system is over complicated
15 and the contractors question whether or not there is
16 any business case for them to take this up because of
17 the complexity of the system. They don't know if they
18 can take that leap. They don't know if they can
19 afford the additional week of training, even as
20 simplified as Rashid, Bill, Mike and Russ have helped
21 to make it be. It is still too complicated. There's
22 a lot of debate over whether or not this particular
23 asset rating structure will actually give you the
24 information you want. Whether consumers are
25 interested in it or whether this forum is something

1 that consumers will understand and it will give them
2 any kind of value in the marketplace. Whether at time
3 of resale or any other time.

4 And the CEC has invested a lot, over \$20
5 million in creating a BPI certified workforce. It has
6 been my pleasure in the past year to work with the CEC
7 staff, Panama, Bill and Rashid in particular, as they
8 supported the growth of a trained and professionally
9 certified home performance industry all across
10 California. That training effort has resulted in more
11 than 1,460 certified professionals who are not
12 participating in California's building performance
13 industry.

14 It has enabled the development of training
15 providers, 43 in all, and 20 of those headquartered in
16 California, including CalCERTS who are the training
17 providers. They are private, they are for profit.
18 They are nonprofit. They are community colleges.
19 You've supported a big growth of the industry though.
20 They all want a long term sustainable training model.

21 Some of those indicate that if BPC passes,
22 as it's currently structured with CalCERTS as the
23 single source provider for trainer that they will
24 simply close their doors, fire their people and stop
25 training.

1 You have building performance contractors
2 already. They're sitting in the back of the room.
3 There's a whole bunch of them. And they're already
4 jumped a whole lot of hurdles. They've jumped the
5 bar. They've raised the bar. They've done what they
6 needed to do to become Building Performance
7 Contractors. But the way that this is structured it
8 could be unattainable. The building performance
9 contractors don't need another week of training,
10 another certification, another investment of thousands
11 of dollars to enable them to support your efforts in
12 giving the homeowners what they need. The solution
13 lies in leveraging your investment and relying on the
14 BPI certified workforce that you've already created.

15 We have seen in many places across the
16 country where the consultant has separated from the
17 contractor who performed the work. That model fails.
18 That's been recognized here and that's why BPC is
19 being put forward. Homeowners don't want the score
20 they want the solution. Contractors must own the
21 process that delivers that solution. If they can
22 include the score as part of their natural process
23 that's integrated into their natural system, they're
24 happy to do that. But it needs to be a simple
25 straightforward score that doesn't require them to

1 hire another staff person and then 6 hours or 8 hours
2 or 10 hours of remodeling to obtain that score on top
3 of the assessment of something they've already done.
4 That's a problem. The score in-and-of itself really
5 hold no value to the home consumer right now because
6 they don't understand them, they're too complicated
7 and they don't tie to the market value in anyway. And
8 because they change over time if you model the same
9 house today and then model the house again, everything
10 else remaining static after a code change; you're
11 pebbly going to get a different score. That is not
12 reliable for the homeowner and it confuses them. The
13 homeowner wants the peace of mind. She wants results.
14 She wants her house back, she wants it comfortable and
15 she wants it efficient. She wants the peace of mind
16 that comes with a high performance house. The
17 contractors doing this work do it to help the people
18 in the homes, not to give the building a score.

19 The CEC staff recognized the challenge of
20 incorporating ratings into a functional business
21 rating and they wanted to accelerate the path to BPC.
22 They recognized both the need for duplicate training
23 and to provide a business model that will allow the
24 contractors to own the process so that the market
25 objectives can be achieved. Ratings are obtained and

1 sales of improvement are made. Without a sale,
2 there's no business, there's no profit, there's no
3 reason to hire people. They need those sales in order
4 for you to achieve verifiable energy savings.

5 Toward that goal, I provided education and
6 technical support to the staff to determine the
7 knowledge skills and abilities of the BPI certified
8 professional workforce. And as they addressed the
9 need to try to simplify the HERS II model and align it
10 with national standards and certifications.

11 I assisted with the alignment to help CEC
12 staff understand the technical overlap because it
13 would lead to greater alignment with national
14 standards. BPI certified professionals can avoid
15 redundant training and have a faster entry into the
16 system. This no way means that BPI endorses the HERS
17 system, the rating methodology or the provider system
18 but we did understand the need for the system to
19 understand us.

20 It goes against the grain of open consensus
21 based credible standards and credible standard
22 development, to have a single source provider. When
23 all training, certification, registry and quality
24 assurance are embodied in one provider, no matter how
25 well-intentioned that provider is, the monopoly aligns

1 itself with conflict of interest and that can cause
2 problems. It adversely affects other training
3 providers by eliminating their ability to participate
4 in the training process. It impacts all of the
5 contracts because they are involuntary forced to a
6 single solution to acquire that training and when
7 there is no competition, there is no control over
8 pricing options, they have no ability to custom design
9 training or to do in-house training of their staff.
10 Seventy-nine percent of BPI affiliates responding to
11 the survey that Conrad mentioned would be willing to
12 provide training in support of the HERS II process if
13 the curriculum were available for licensing.

14 A separate of training from the other
15 processes would limit credibility while reducing the
16 likelihood of conflict of interest that would result
17 from the situation where the trainer is vested in the
18 skill of the candidate that they ultimately test or
19 see. Adopting the simple, consistent rating system
20 will align with the national standards system that
21 allows BPI certified professionals to deliver ratings
22 without additional certification, it would provide
23 third party credibility and open training process and
24 a system where the contractors could provide feedback
25 to help ensure, rather than prevent, your success.

1 BPI provides the professional credentialing
2 basis for its program nationwide including energy
3 upgrade California and more than 120 state and local
4 energy efficiency climate weatherization and home
5 performance Energy Star programs across the country.

6 California would benefit from relying on an
7 improvement system using the BPI accredited contract
8 companies such as New York and NYSERDA has done over a
9 decade. Not every individual or company can make that
10 grade but those that do see growth, they prosper, they
11 hire employees and they make a profit because they
12 provide the solutions that customers want while
13 reducing the carbon footprint, improving the energy
14 efficiency and lowering the cost of home ownership.

15 The contractors can give you what you need.
16 You've already raised the bar. Now remove the
17 impossible hurdle and make the HERS II system one that
18 works. Give the contractors broad access to a
19 reasonable rating system that integrates with the
20 natural assessment processes, that doesn't increase
21 their overhead and still allows them to provide
22 solutions that home owners want to buy. When they see
23 a bottom line and their reputation for quality work
24 provide real comfort solutions, they can give you what
25 you need and return the value to the community through

1 energy savings.

2 They can give the home owners what they
3 want. They can give you what they need. BPC is
4 another layer on an already dysfunctional system. You
5 can set all the high level bills you want but without
6 some keystone changes, you won't create a viable
7 business model and you won't have the contractors buy
8 in. They are here. They are ready to serve. These
9 contractors have already invested the time and
10 resources necessary to complete training, to obtain
11 the proper diagnosis equipment and to provide the
12 whole home existing ratings to Californians in a way
13 that will result in sustainable, verifiable energy
14 savings results.

15 Yet, it seems advisable that you take the
16 time to address and fix the questions within the
17 system. Let the contractors be part of your solution.
18 They have a wealth experience and they can help you
19 make it something that will work. Something that
20 provides the information you need, while giving the
21 California home owners value, real solutions and peace
22 of mind.

23 CHAIRMAN WEISENMILLER: Thank you.
24 Commissioners? Manuel Alvarez is our next speaker.
25 Thank you.

1 MR. ALVAREZ: Morning, Commissioners. I'm
2 Manuel Alvarez, Southern California Edison. I just
3 have a brief--couple of points that I want to bring to
4 your attention. I'm here today to support the action
5 before you. I'm encouraging you to go ahead and
6 support this action. But what I heard today, I guess
7 there's a couple of issues that I want to bring to
8 your attention. The criteria your should be looking
9 for is maximum customer convenience and participation
10 and then customers basically getting what they want
11 and expect from these programs. I think the proposal
12 before you delivers those.

13 We think that the work you've done, the
14 changes you've made satisfy all the concerns we have
15 and the analysis and the technical review you've
16 perform actually provide the rigor it needs to ensure
17 those accomplishments. So with that, it's always
18 difficult to get in the middle of an industry squabble
19 that we're not part of, but I think when we looked at
20 this question, we reached a judgment that the
21 customers are in fact being provided good service and
22 good results, we believe the results will be delivered
23 and so we're asking for your support.

24 This has been a complicated issue for the
25 Commission for about 20 years and I actually managed

1 this program when I was at the Commission, a little
2 bit before that, so the complexities haven't really
3 changed. So I urge your support today. Thank you.

4 CHAIRMAN WEISENMILLER: Thank you. Next
5 speaker is Dan Thomsen, Building Doctors Efficiency.

6 MR. THOMSEN: Hi. My name is Dan Thomsen.
7 I own a company called Building Doctors down in Los
8 Angeles, California. We're a home performance
9 contractor, BPI accredited company. I have the HERS
10 II rating from CHEERS from a year and half ago but
11 it's gotten frozen because CHEERS is in limbo with
12 most of the rest of the other providers with it. I'm
13 also on the Board of Directors for Efficiency First
14 which I'm sure you folks are very well aware of. I'm
15 also the Southern California Chapter Chair. I also
16 come up here with the blessing of the San Diego
17 Chapter Chair and I'm going to rattle off the names of
18 all of the companies, all the major contractors here
19 in California that are against this combination.

20 To back up a little bit, and I made this up
21 on the plane ride up there this morning, coming up
22 here to stuff my speech. Nobody is against the
23 streamlining of the process but let's streamline with
24 something that's worth it. HERS II is flawed, flawed,
25 flawed, flawed, flawed. A lot of that's

1 representative with the memo that came out from the
2 CEC saying that we're not going to require it for the
3 energy upgrade California program. Nobody is saying
4 that CalCERTS is going to do a bad job training but if
5 we're going to get married to something let's get
6 married to something great. Let's not just throw
7 something that's beyond flawed, the software program
8 EnergyPro is flawed. It's just—it's just not the
9 right merger at the right time. We're all absolutely
10 struggling out here. It is a horrible, horrible,
11 horrible, horrible economy. I put Panama through this
12 and—am I allowed to ask you guys questions and all the
13 CEC—how many of you guys are on salary. Can I see a
14 raise of hands?

15 COMMISSIONER DOUGLAS: All Energy
16 Commissioners are.

17 CHAIRMAN WEISENMILLER: We all—I don't think
18 this helps your speech. Let's move on.

19 MR. THOMSEN: Actually it does help because
20 your decision now is going to put pressure on me and
21 every single contractor that I'm going to read, all 50
22 of these contractors that I'm going to read are
23 against it, all of the leading contractors in the
24 Energy Upgrade California Program—we have to take 5
25 days off, 9 days off to get yet another certification.

1 We don't need it. We don't want it at this time. It
2 is ridiculous. Do you know what it's like to take 5
3 days off of work right now? I'm taking a day off to
4 come up here and spend my own time to voice our
5 opposition to you. It's just not the right time in
6 the market to do it. It's just absolutely not.

7 And I want to rattle off all the lead
8 contractors - Get Green Remodel San Diego, ASI the two
9 major-the lovely person that came up from San Diego
10 Gas and Electric. All of the major contractors that
11 are providing for Energy Upgrade California are
12 against this. All of the major providers for where I
13 am in Southern California Edison, we're against this.
14 We don't want this at this time. Don't put yet
15 another confusion for the market. We're just now
16 getting traction. Energy Upgrade is starting to work.
17 We're beyond happy with it. It's just starting to
18 work. Phones are starting to ring. People are
19 starting to talk. They're starting to get referrals
20 back and forth. You're going to throw a wrench in the
21 machine and it's going to do damage to it. And,
22 again, you're just saying about doing the certifying a
23 company to do the training, that's well and good but
24 don't certify because, again, it's just going to echo
25 and echo and cause confusion. Conrad is absolutely

1 right. Let's just put a hold on this for awhile until
2 we can evaluate. Until we can decide if HERS II is
3 the proper thing. And I'm telling you as a contractor
4 it's not. It's absolutely not the right path to go.
5 And I can rattle off and bore you guys with tears with
6 names of companies, of all throughout the state. We
7 threw this together real quickly with Efficiency First
8 at the last but REE is out of Riverside, California;
9 Progressive Insulation out of Chatsworth, San Gabriel
10 Insulation out of San Gabriel, Zodiac Heating and Air,
11 Nyborg Constructions, CSI, Kotch Development, Green
12 Refitting, Balance Point.

13 All of the major, of the trainers, have also
14 trained with the CBPCA. All of them, against this. I
15 know that CalCERTS has been trying to go around to
16 talk to people. It's confusing the heck out of
17 everybody. And can't we do a little less confusion
18 right now. Right don't we just stick with what we
19 have and see what works. We can't keep doing it and I
20 make the joke all the time, you can't swing a dead cat
21 without hitting a BPI accredited—a BPI certified
22 person and it doesn't mean anything. We've trained so
23 many people and the jobs aren't there yet.

24 I personally have hired 5 people in the past
25 2 months. My company is starting to grow. Do you

1 think I have the time to put them in yet another
2 certification? I don't do it. I can't afford it. I
3 absolutely cannot afford it and you're going to be
4 doing major, major, major damage to the industry.
5 I'll talk for another minute until I get the ding to
6 get off.

7 Home Performance Matters, Andrew Durbin,
8 Rick Chitwood—I'm sure you guys are familiar with Rick
9 Chitwood. The very, very intelligent man. HERS II
10 does nothing for homeowners. It turns on the building
11 efficiency and safety. Rich Chitwood. We all look to
12 him on advice on stuff.

13 SoCal Remodeling out of Chino, Greenhouse
14 out of San Luis Obispo, Eco Energy Loan out of
15 Campbell, Advance Home Energy, Ori Skloot —I think
16 he's President right now of CBPCA or on the Board of
17 Directors, ASI I already said that, Harding
18 Construction, Home Performance Matters out of
19 Riverside as well as Inspector Tools out of Ventura,
20 House to Home out of Simi Valley, Verve, Solar City
21 again it. Pretty big company. Eureka, Energy
22 Solutions, LA Green Building, Alpine Green Property
23 Services, Bright Ideas, Energy Docs, SmartBuilders,
24 Yukon. I'm still getting text messages as I go because
25 this kind of went out last minute. You kinda get the

1 idea.

2 Every major contractor. I get the utilities
3 are for it. We're all for streamlining. I get.
4 Just, please, streamline us with something that we
5 know works. I'm telling you now HERS II doesn't work.
6 I'm a contractor. I'm the man on the streets. As
7 other people. It just doesn't work for now so let's
8 explore it a little. I love the idea of it but it's
9 going to do damage to all of the BPI affiliates, every
10 single BPI person has done their training. Wow,
11 they've got to go back and do yet another and yet
12 another. It's going to do some serious, serious,
13 serious damage. So, that's it.

14 CHAIRMAN WEISENMILLER: Thanks. If you want
15 to submit the list for the record, that'd be great.

16 MR. THOMSEN: Okay. I will. Thanks.

17 COMMISSIONER BOYD: Could I ask you a
18 question please? You made a good case for how
19 difficult it is for you or your peers to take time off
20 to come talk to us today or to take time off for
21 training. Would you take the time out over a short
22 period of time to do what, you claim, needs to be done
23 to make a better program? Could you afford the time
24 to work on this program since you find it difficult to
25 even come here today?

1 MR. THOMSEN: What do you mean on this
2 program? The BPC program?

3 COMMISSIONER BOYD: Correct.

4 MR. THOMSEN: I don't think that it should
5 be a combination of HERS II. HERS II hasn't proven
6 itself. So why work on something--again, I think there
7 should absolutely be a merger of a lot of
8 certifications that are out there. A lot of classes
9 are so redundant, over and over and over. That's a
10 complaint from a trainer that I got from the students.
11 "Oh, we're talking about the same thing but build it
12 green as a green building professional and getting the
13 BPI." There's a lot of redundancy and we're all for
14 efficiency first. Without a doubt, we're all for it
15 but is careful of what we're mixing it with. Does
16 that make sense?

17 COMMISSIONER BOYD: Kind of.

18 COMMISSIONER PETERMAN: Can you say that one
19 more time?

20 MR. THOMSEN: We're all for streamlining.
21 We were part of this process back then, a year ago I
22 think when Tiger first got out here and Brett Knox
23 came up and we talked about trying to create a
24 streamline. Like why do we have to do HERS II
25 training and do also--I'm a BPI accredited - certified

1 person. I don't need the HERS II training. Maybe a
2 day class or whatever. But HERS II doesn't work and
3 we know it so why should we create on that. Let's put
4 our effort into something that can be proven that's an
5 actual workable, viable product. And, to me, HERS II
6 just doesn't work. I don't think the public is ready
7 for it. I can damn well tell you that none of the
8 students or the contractors are ready to do it. But,
9 yeah sure but in the zero free time I have, would love
10 to be involved with it as I am in most of the things
11 that are very important to it, to structure it well.
12 And there's talk of should there be a software that's
13 made for building performance contractors?
14 Absolutely. Should we be using a HERS software
15 program so that we can do a rating on new
16 construction? Hell no. We absolutely shouldn't but
17 nobody is coming out here to do it. I know that
18 Recurve is in the process of doing some sort of stuff
19 with it but you need a HERS I. That's why they kind
20 of sectioned themselves out of it because they have no
21 desire to get into HERS II.

22 And I can tell you right now, there's not
23 going to be a lot of new construction going on in the
24 State of California for the next 10 years. Fact.
25 Fact. What, 2 percent? 3 percent of what's going in

1 is going to be new building? Why don't we deal with
2 the 75 percent of the homes that were built before
3 1978, before there was energy code. And let's deal
4 with something that works and not HERS II which
5 absolutely doesn't. But would I help? Sure, I would
6 love to be involved in it.

7 COMMISSIONER BOYD: Thank you.

8 COMMISSIONER DOUGLAS: Let me just thank you
9 for your hard work on Energy Upgrade California. You
10 and your colleagues in the field are absolutely the
11 driving force for making Energy California work so we
12 really appreciate it.

13 I hear you loud and clear that you don't
14 like HERS II.

15 MR. THOMSEN: You get that?

16 COMMISSIONER DOUGLAS: Got that. Thank you.

17 [LAUGHTER]

18 COMMISSIONER DOUGLAS: I do want to say
19 though that nothing that's before us today would
20 require you to use HERS II in any way, shape or form.
21 That's a decision that could be made in the future.
22 We've made the decision not to require it for Energy
23 Upgrade so I just wanted to be really clear that
24 nothing that we're doing or could conceivably do today
25 would require you to take 5 days of additional

1 training.

2 MR. THOMSEN: Yes, but who knows what could
3 happen in 6 months from now. Before this is done, and
4 I feel for you on stuff that was done on when you got
5 into HERS, that was what we thought the path was but
6 we got into it and we dug into it all little deeper
7 and we realized that the flaws that are in it. That's
8 the problem with it. We discovered. We learned
9 everything is different within the industry from a
10 year ago to six months ago. It's an every evolving
11 thing and shouldn't before we go to yet another
12 certification—we're drowning in certifications from
13 the weight of the things that I carry on my shirt.
14 But we're drowning in it. And yet another thing to
15 confuse the public even more. That's the stuff I do.
16 I get you with the stuff about the salary but it's a
17 fact that what you guys do back up there, it makes
18 major decisions on we the people that are all
19 struggling.

20 And I can guarantee you that about half of
21 the contractors are probably going to be out of the
22 Energy Upgrade California program in a year because
23 it's a struggle. I've got over \$200,000 invested and
24 I threw it all on the line 6-8 months ago. The
25 program was started awfully. It got frozen in Edison

1 territory and then I had to fire some people and then
2 I've hired some more. I'm getting some traction.
3 It's just another certification that we don't need to
4 muddy up the waters.

5 We've got some things out there. BPI has
6 been well respected people in getting it. I've had
7 people say, "Hey. I'm looking for a BPI certif--"
8 They know what it means. Yet another thing. I'm just
9 telling you from the people on the street; it's going
10 to confuse the public. I just don't see it at this
11 time. Nobody is saying, "Hey. Let's give it 6
12 months. Let's do some sussing out. You've got some
13 smart cats up there, including Panama." And Edison
14 that can kind of figure out--that can kind of suss it
15 out some more. I will gladly be a part of that
16 committee. I would like to be involved with it too.
17 This is one of those things that a few of us were
18 upset that there were some meetings that not all of us
19 were involved with that as this progressed along, we
20 definitely asked for, "Hey. Can we have some
21 streamlining?" but before this thing came through.
22 Like hey, let's get it out there. To get it to all
23 the major guys that are out there. Isn't that what
24 this is all about?

25 COMMISSIONER PETERMAN: Thank you. I will

1 also just add that I appreciate your comments about
2 some confusion and regardless of the outcome of this
3 Item; I encourage staff to continue to work with
4 stakeholders, particularly in your industry as we
5 figure out how to reduce some of that confusion and
6 increase that public education on the rating systems
7 that are out there.

8 CHAIRMAN WEISENMILLER: Thank you. Tommy
9 Schwolsky from REAS, Trained to Sustain.

10 MS. SCHWOLSKY: Hello, Commissioner and
11 Chairmen. Thank you so much for allowing me to be
12 here to voice my concern as well as many of my
13 colleague's concerns. I'm one of those folks that can
14 help you make your beer cold and make sure you get
15 that old refrigerator out of your garage as well but
16 I'm here on behalf of REAS, Residential Energy
17 Assessment Services. We are one of the oldest home
18 performance firms in Southern California. We're an
19 EUC participating contractor for both Edison SoCal Gas
20 as well as San Diego Gas & Electric. In 2009, we
21 actually became BPI trainers and a training affiliate.
22 And, out of the, I believe Tiger mentioned 1,400
23 certified folks in California, we've trained over 500.
24 Ninety percent of those were BPI building analyst only
25 and that was through the community college districts

1 in Los Angeles so they do not have envelope, which is
2 require for this accreditation. We did that because--
3 we became trainers because we wanted to build the
4 infrastructure but there was only a handful of us and
5 we knew if this program was going to work, we need a
6 lot of folks. The other reason is to generate money
7 to pay salaries because the upgrade business was
8 lacking and it's still lacking.

9 I don't claim to understand all of the work
10 that you do and what it takes to meet your regulations
11 and your goals. And I know it can't be easy. And
12 it's clear that the progress that California has made
13 in energy efficiency since the 70's is due to this
14 agency's foresight and efforts.

15 As a small business, minority woman owned,
16 we are very aware that public policy has tremendous
17 power and policies have the potential to be real game
18 changers, create sustainable markets and that your
19 decisions have the potential to drive markets but also
20 to cripple markets.

21 I understand that you cannot create jobs but
22 you can create an environment to make it easier for
23 companies like ours to hire people. And, likewise, it
24 might be difficult for you to understand how we as
25 contractors and training organizations run our

1 business. I appreciate that your work is difficult
2 and I hope that you understand that my statements are
3 not meant as an attack onceover.

4 But what we've learned the last 5 years,
5 engaging home owners in energy efficiency in whole
6 house is that success lies in understanding the
7 capacity of the people and the time. To push an
8 agenda like California ratings and new types of
9 training certifications that the public does not
10 understand, have current interest in and the overall
11 contractor community does not support, will increase
12 confusion and fearfulness about the future of our
13 industry.

14 I mean the DOE is always considering a new
15 national certification for home energy retrofit
16 workers which may be based on ANCE Certification for
17 training curriculums and are we sure that this BPC
18 path would receive ANCE accreditation? We don't know.
19 Will they be able to met it based on the curriculum
20 because as far as I know there's not one person here
21 that I know who has seen any documents in terms of
22 what this curriculum looks like and what the cost is
23 at all.

24 Even with the ARRA funds, it still takes,
25 like Dan mentioned, a huge amount of private

1 investment to play in the current utility programs
2 based on local, state and possibly federal
3 requirements. The decision to approve this training
4 holds a serious message for the industry that the
5 focus on statewide rating system, although undefined,
6 is more important than equitable opportunity for all
7 businesses or the immediate need to create sustainable
8 construction jobs. I mean just the July energy
9 department report stated that California state energy
10 program paid out 54.7 million and created only 319
11 jobs. That could be seen as an indication that
12 current programs such as Energy Upgrade California
13 need a lot more attention to facilitate success and
14 adding additional hoops or the possibility of
15 additional hoops that may or may not be mandated is a
16 huge mistake.

17 Contractors will not be able to bare the
18 time, resources and energy needed to comply. And
19 eventually will sell against utility programs that
20 require duplicate training, certifications,
21 documentations that is redundant and over burdensome
22 and constantly being revised. It will become more
23 profitable for contractors to upgrade homes for
24 efficiency outside of utility programs as well as more
25 cost effective for homeowners.

1 I'm sure that it not the intention of the
2 Energy Commission to create training monopolies or
3 cause possible hardship for current training providers
4 or have only one energy modeling software to choose
5 from. The fact that it is nearly impossible for a
6 business or nonprofit to become a HERS provider
7 creates a monopoly. At this time, like I mentioned,
8 no one I know has even seen the documents of what this
9 training looks like and I'm worried that the BPC
10 training could result in some of the 43 training
11 affiliates being harmed. I really do believe that if
12 Energy Upgrade California, if we can't get out the
13 kinks, if there's more requirements or possible
14 requirements for possible certifications that
15 contractors will start to voice their sufferings to
16 maybe some of their state representatives, to the
17 media and this could harm the overall image of Energy
18 Upgrade California in general.

19 I mean HERS II is an idea that should not be
20 combined with Energy Upgrade California. This is not
21 a simple approval of a voluntary accreditation. This
22 is a strong message and will have a ripple effect.
23 Private capital will disappear and this industry could
24 collapse as contracting firms realize that they can't
25 make a profit based on the administrative load of

1 selling home performance and meet program requirements
2 of HERS II. I urge you not to pass the BPC training
3 and consider even recommending in the next program
4 cycle to the CPUC that HERS II be eliminated from
5 Energy Upgrade Programs altogether now and in the
6 future. Thank you for your time again for allowing me
7 to speak.

8 CHAIRMAN WEISENMILLER: Thank you.
9 Questions? We now have another person from CalCERTS.
10 Barbara Hernesman.

11 MS. HERNESMAN: Thank you, Commissioners.
12 I'm the Contractor Development-Director of Contract
13 Development for CalCERTS. I've been around the home
14 performance industry for awhile now. And I want to
15 say that there's a lot of confusion that took place
16 this morning that just somebody who's been in the
17 consulting business of building science and home
18 performance for awhile that I'd like to clarify.

19 One, providers who are HERS providers such
20 as CalCERTS, CBPCA, and CHEERS have been well aware
21 since 2008 that this pathway has been coming. All
22 have had the regulations. All have had read the
23 regulations. In fact, in 2008 I was introduced by
24 Randall Ridell from CBPCA to read all of the
25 regulations of the HERS that we'd then be building

1 toward for the Building Performance Contract. So I
2 wanted to dispel that there hasn't been appropriate
3 energy out there from the Energy Commission to let the
4 providers know that this is existing and that we
5 should be getting ready for it.

6 The other thing that I'd just like to dispel
7 is that the contractors that have been in the home
8 performance industry also have known all along that
9 there is a path that the Energy Commission is leading
10 us into. And that is, to the end all, the BPC. Now
11 the Building Performance Contractor, what that means
12 is that we are streamlining the process instead of
13 having to go out and hire an independent rater to come
14 in and do the ratings for us. We now can have that
15 person on staff.

16 Now, what does that mean? Well that might
17 mean that the building performance contractor decides
18 to either get the certification from the BPC
19 themselves or go hire somebody who has the BPC
20 certifications and training. That means that we just
21 added an employ possibility to our industry which is
22 really crucial right now.

23 Is it complicated that how many times that
24 we've had to take a step up for the building
25 performance industry? That's just part of the

1 contract. As a contract to myself, I've had to take
2 training. Go to continuing education. And that means
3 that I've had to spend time going to get that energy,
4 that education and meeting certifications to be a
5 contractor in the state of California.

6 We invest in that. And we have been
7 investing in that forever because we believe in the
8 sustainability and we believe in the what the Energy
9 Commission is doing and the ultimate goal.

10 Contractors—as a contractor we will always
11 need to make these changes. I can tell you in 2008
12 there was a lot of hooting and hollering out there
13 that home energy contractors, that the home
14 performance with Energy Star contractors—what do you
15 mean we have to get a BPI certification? Oh, you
16 should have heard that conversation. It was just
17 another one of those things where we had to say
18 embrace it and move on.

19 Okay. Well, now we have the EUC. Now the
20 EUC program allows us to play in this game and you
21 open your market for us to be able to work in at a
22 time when there is no market. So you've done your job
23 that way. A lot of them are back to work.

24 Now are over the hurdle? Absolutely not.
25 We have an environment that's going to take time to

1 get there. The other thing is that, we, in the Energy
2 Upgrade California contractors have had an enormous
3 amount of hoops there and there's been a lot of
4 hooting and hollering about that too. It just means
5 that I can tell from being in the construction
6 industry every time somebody tells us we have to do
7 one more thing.

8 And we do it. And the bottom line is that
9 the reason is why we do it is because we are really
10 passionate about serving our customers. And so part
11 of what Dan and a few of the other people have said is
12 that the message isn't clear out there. It isn't
13 clear and nobody is going to dispute that. It is
14 confusing. It's not only confusing to the contractors
15 and the workforce but it's also confusing to the
16 customers out there. I can tell you that Panama has
17 been, for the past 2 years, out there trying to dispel
18 a lot of this. I've been involved with some of those
19 workshops and he's done a great job.

20 Do we have more work to do? Absolutely.
21 Will we have more work to do once BPC is approved?
22 Yes. Will we have to work with contractors?
23 Absolutely.

24 There's been an effort on the Committee here
25 to make sure that you can do a fast track training.

1 You can challenge tests. This all eliminates more and
2 more steps for the contractor if that's what they
3 choose to do. So that will take away the days that
4 they're asking to take away from work. Maybe they
5 will send somebody to that training and they will hire
6 that person to do that rating. That's all out there.

7 BPI also hit the same kind of roadblock
8 about monopolizing the industry. BPI came in once
9 with home performance for Energy Star and that was our
10 building science here in California at the time. BPI
11 is out there raising the bar. I believe, HERS II, BPC,
12 is raising the bar. I also think that it's
13 streamlining the process for contractors. Will we
14 have confusion? I will say it again. Yes. Will we
15 have to deal with that? Yes. Panama explicitly
16 expressed that he will help with that. We have
17 workforce investment boards now who will also help
18 offset these costs. That's really important for
19 contractors to know and also that those who are raters
20 right now. There is help out there. Will you have to
21 find it? Will you have to seek it out? Yes. Will
22 you need to ask CalCERTS, once we are approved with
23 our BPC program today? Yes. And we have a staff.

24 CalCERTS have made the investment. They
25 have put in the time. They have financially gone

1 through the stretch in a time where it's been a hard
2 knock environment. I think today, all of the staff who
3 have worked on it from CEC, I applaud you. I know how
4 hard you worked. The people who have worked at
5 CalCERTS to create these curriculums and go through
6 the approval process, they have done that because they
7 have the passion for it.

8 I want to say that all of the providers that
9 are out there have the same opportunity. The BPI
10 affiliates who are now training there's no competition
11 from CalCERTS to say stop your training processes. In
12 fact, we will honor all that you do. Those that come
13 in to this program with their certifications will be
14 acknowledged as, "Yes. Here you go." We're not
15 saying stop training. We know that this industry has
16 to continue to grow and they're a vital part of that.
17 So we wanted to dispel part of that also. I thank you
18 for your time and if you have any questions, I'd be
19 glad to answer them.

20 CHAIRMAN WEISENMILLER: Thank you.
21 Commissioners? Thank you. Valerie Winn?

22 MS. WINN: Good morning, Commissioners. I'm
23 Valerie Winn with PG&E. I just wanted to express our
24 support for approval of Item 8. We look at this
25 proposal as an opportunity to streamline and reduce

1 the number of visits to customers and whenever you
2 have fewer visits, hopefully it will lead to more
3 quick or faster implementation of energy efficiency
4 measures in the existing homes. So, again, thank you
5 and we ask for your approval.

6 CHAIRMAN WEISENMILLER: Thank you.
7 Questions? Is there anyone else who wants to speak on
8 this item? Commissioners?

9 COMMISSIONER BOYD: Just Chairman, I'd like
10 to ask Panama to respond to some of what we've heard
11 today, if he'd like to.

12 MR. BARTHOLOMY: Absolutely, Commissioner
13 Boyd. And I'll just go in order of some of the many
14 concerns and comments that you heard from today's
15 presentation.

16 There was a concern raised by some in the
17 building performance community that this would—that
18 the approval of this application represents a new
19 certification that they would be required to undertake
20 whether it's to continue in their current business in
21 California or to take part in a retrofit program in
22 California. Just to provide clarity, if the
23 Commission approves this it doesn't add any new
24 mandatory requirement on any person, on any company or
25 for any program in California.

1 There was some concern over the webinar that
2 staff held to reach out to the home performance
3 community to discuss the application. In the 20 years
4 of applications for providers to continue their
5 development of their programs, this is the first time
6 that there's been a public discussion about any of the
7 applications. The Energy Commission received a letter
8 from Mr. Asper two weeks ago. Rather than just send
9 back a simple reply letter, we offered the opportunity
10 to have a free ranging discussion with the California
11 Building Performance Contractors Association and
12 Efficiency First. It is the first time that this
13 process has ever had anything like that since really
14 the public discussion takes part in the regulatory
15 process and the applications are just simple reviews,
16 very complex reviews, of whether or not the
17 applications meet the regulatory structure that the
18 Energy Commission has approved.

19 There was a question about whether or not
20 that there's been any public discussion about the HERS
21 II program since December 2008 when the regs were
22 adopted. On February 2009, the American Recovery
23 Reinvestment Act was passed and, as a foundational
24 piece, of the Energy Commission's implementation of
25 the Recovery Act as well as the implementation of the

1 public utilities commission and the investor owned
2 utilities 2010 and 2012 home retrofit program, HERS II
3 has been a part of that conversation from the very
4 beginning. Let me assure you that there's been the
5 kind of robust discussion around HERS II that you've
6 seen today happen across California with regulatory
7 agencies, utilities, home performance contractors,
8 raters and realtors discussing the benefits, the
9 challenges, the complexities of rating systems, of
10 training programs and certification programs within
11 this. So there's been an incredibly robust
12 conversation about HERS II and its place in the
13 marketplace.

14 There were concerns raised today about
15 whether or not the approval of this application
16 represented a monopoly for any one company or
17 institution to provide training. At this point, the
18 Energy Commission has 3 HERS providers that have been
19 certified over the years. That's California Building
20 Performance Contractors Association or CBPCA, CHEERS
21 and CalCERTS. At this point, CalCERTS has been the
22 only one to be certified for HERS II independent rater
23 certifications and now they're applying for the
24 Building Performance Contractors path. Any of our 3
25 providers can apply to become, they can give to us the

1 same application that they have before you today and
2 any additional organization, if they want to make the
3 institutional and financial investment, can become a
4 HERS provider in California. It is an open market for
5 providerships here in California if you want to make
6 the time and financial investment in doing that.
7 Whether or not this is a monopoly for BPI affiliates,
8 as was stated by staff in response to Commissioner
9 Douglas' question as well as from CalCERTS, this
10 application before you envisions a certification path
11 where either separate BPI affiliates can provide the
12 BPI training and then they can come to CalCERTS for
13 the HERS training through the reciprocity process or
14 the individual rater can take the training on BPI from
15 CalCERTS. It is an open model that is allowed and is
16 a key part of this certification as we wanted to make
17 sure that we're continuing to build the BPI affiliate
18 structure that, as Ms. Adolf, mentioned we've been so
19 successful in building here in California. We think
20 that this is a continuation reflective of that.

21 There were questions about a lack of
22 transparency and an ability to see the materials that
23 were submitted that represent the application. As was
24 stated in my presentation, the amount of intellectual
25 property invested in these applications is

1 significant. Our regulations have confidentiality
2 provisions in them that protect that intellectual
3 property for the applicants to the Energy Commission.
4 We do not expose that intellectual property to the
5 marketplace for other potential competitors to be able
6 to use that potential investment for their own gains
7 without making that investment. The open public
8 transparent process is our regulatory rulemaking
9 process then staff simply says does the application
10 meet those regulations and then recommends approval or
11 not to the Commission.

12 There was a series of questions in the role
13 of HERS II and Energy Upgrade California and future
14 funding cycles for the investor owned utilities.
15 About 1 month ago the Commission sent a memo from the
16 HERS—or the Energy Commission and the rest of the
17 Energy Upgrade California Steering Committee made up
18 of local governments and ARRA contractors clarifying
19 that HERS II will not be a requirement of Energy
20 Upgrade California for the life of the PUC's 2012-2012
21 funding cycle.

22 There were questions about market confusion
23 on what the Energy Commission will recommend to the
24 Public Utilities Commission 2014-2016 funding cycle as
25 it relates to HERS II. And that is really a decision

1 that will be made in the open process that the PUC
2 will engage in for the development of the 14-16
3 development cycle and that will be up to the
4 Commission to determine what role will we play in that
5 in determining that funding cycle in determining the
6 recommendations that we make to the Public Utilities
7 Commission for their programs.

8 There is a series of questions about
9 confusion within the marketplace. And that, at this
10 point, consumers do not yet know about what HERS II is
11 and what it means. I think with any new program
12 you're going to find a situation like that and it's
13 going to be incumbent upon CalCERTS to work and the
14 Energy Commission's to continue to work about really
15 displaying the and proving the value that home energy
16 ratings provide in California for consumers and for
17 the real estate community.

18 I will say that we have had extensive work
19 with the home performance community and that we're
20 committed to continued extensive work. AB758 calls on
21 the Energy Commission to bring about a significant new
22 approach to buildings and reducing the energy
23 consumption in buildings. And our relationship with
24 the building performance community is going to be
25 absolutely critical if we're going to do that. We've

1 already instituted contract for rerecording groups
2 through Energy Upgrade California and we're going to
3 have to see far more of the interaction between the
4 regulatory agencies, program administrators and home
5 performance contractors in the future if 758 is going
6 to be able to meet its goals.

7 I think I've covered many of the questions
8 that I've heard Commissioner and Commissioners but I'd
9 be happy to respond to any other ones that you heard
10 that I missed.

11 COMMISSIONER BOYD: Well for me, thank you.
12 That was very thorough.

13 COMMISSIONER DOUGLAS: Thank you, Panama.
14 That was very thorough. I appreciate the members of
15 the public who came to speak to us today, the passion
16 for this topic was really evident from people speaking
17 both for and against the Item. I want to say that I
18 am, and have been, troubled by the fact that so many
19 contractors appear to have a distaste for this program
20 and appear to view it as difficult to implement.
21 That's something that we're going to have to work on
22 think about as we learn what we can from the
23 experience with Energy Upgrade California. And we'll
24 have a lot to learn from that experience. As we move
25 forward in the AB758 rulemaking, we'll listen I think

1 with a very open mind as we want to hear the
2 perspective and the experience of the contractor
3 community in this field. I am appreciative of the
4 people who spoke and also the people who have
5 participated in Energy Upgrade California and in
6 helping us make that program a success.

7 What we have before us today is the question
8 of certifying CalCERTS for a building performance
9 contractor path. The discussion more broadly about
10 HERS shouldn't skewer the fact that this is an
11 important first--this is the first time that we are
12 considering certifying anybody in building performance
13 contractor model. I think it's an important
14 efficiency. I have been impressed and, I think I said
15 before, with the rigor of the review of application
16 materials in the HERS program. So I would recommend--
17 I'll hold off on a motion as I see there are other
18 comments but I would recommend approval of this Item.
19 Let me ask now if there are other comments.

20 COMMISSIONER BOYD: Yes. I do have other
21 comments. Thank you. This is a tough one. This is
22 nothing more, as you said, a certification but it has
23 brought out an awful lot of concern and I look heavily
24 to Commissioner Douglas who oversees this activity for
25 guidance. As a longtime Commissioner, as the supposed

1 economist, as one who is quite concerned about the
2 State of California's economy and I don't see it
3 coming back and one who can identify with the
4 gentleman who worried about people's salaries and
5 employment, I mean, to score one of the Energy
6 Commission than this agency has more work to do than
7 I've ever seen in its existence and it has fewer
8 people than it ever had as well. So it is hurting as
9 well in terms of the responsibility to turn out its
10 work. I am very worried that the Energy Upgrade
11 California succeed because a huge investment has been
12 made in it. It is somewhat of a gamble. It's not
13 popular in a lot of quarters yet it is the right thing
14 to do if we're able to be progressive as a state. I'm
15 concerned with those people who said that the message
16 isn't clear and, quite frankly; I was early on
17 inclined to vote to defer this for a fixed time. I'm
18 going to reverse myself and it's foolish for me to
19 confess in public that I'm doing that but I want to be
20 honest with the public and I'm going to join
21 Commissioner Douglas in support but I'm going to
22 extract some commitments out of Panama here.

23 Because the message isn't clear, because
24 people wanted to hold for a fixed time, because HERS
25 II has infected the debate and the concern over it.

1 This is nothing but a certification which should be a
2 very positive thing but it has brought forward an
3 awful lot of concerns of well meaning people who are
4 struggling in this very poor economy that the state is
5 going through, I would like to add to your burden
6 Panama of being understaffed and overworked as it is
7 and seek a commitment, and even maybe from
8 Commissioner Douglas, that the dialogue not stop with
9 today's action. That this not be the first and only
10 webinar on this subject and that we now engage in a
11 fairly significant dialogue with these folks aimed at
12 addressing their concerns. Aimed at doing everything
13 in our power to assure that there is survival for all
14 of these people, all predicated on our continued hope
15 and assumptions that the building economy will come
16 back. I'm not sure if I feel as negatively as one
17 gentlemen who testified does about the speed that that
18 will happen but I certainly do see very clearly that
19 it isn't going to happen nearly as rapidly as many
20 people hoped.

21 I'm willing to support this as another one
22 of those things that Ms. Hernesman talked about in the
23 step-in the pathway of doing good things that
24 California usually does that end up being very strong
25 and positive but it's going to take an awful lot of

1 handholding and work with this industry to take care
2 of some of the other concerns that they have. It's
3 obvious that there's a lot of confusion. It's obvious
4 that there's a lot of education on the industry that
5 in turn that has to be educated and has to take place.
6 And I would like to see this agency commit to doing
7 that as tough as that's going to be with the
8 significantly reduced staff that we have as an agency,
9 which is kind of a tragedy of its own but I won't get
10 off on that tangent because as I said we have more
11 work to do and fewer people than ever before. And
12 energy is a key to fueling and driving the California
13 economy. So if I can extract that from you all I
14 would be glad to give my positive vote.

15 COMMISSIONER DOUGLAS: Commissioner, I will
16 take that as your volunteering to help me as I think
17 about this issue if you would be so willing. We've
18 been waiting on a swearing in for some time for me to
19 have somebody to bounce, obviously not staff who we
20 talk to everyday, but bounce ideas off. This has been
21 a hard one for me because I have been concerned with
22 how deeply some in the industry like the HERS II
23 program, I think we heard it loud and clear today.
24 And I think, as you say, maintain the dialogue, have
25 the dialogue, make Energy Upgrade California work and

1 work through AB758 to have an effective program. So
2 I'm very committed to that. I think we'll see Panama
3 agreeing as well.

4 MR. BARTHOLOMY: For the record,
5 Commissioner I do accept your request for commitment.
6 And let me just tell you what we have planned. As
7 Commissioner Douglas said, AB758—we are just kicking
8 off the AB758 program and the first stage of that will
9 be a comprehensive needs assessment in both the
10 residential and the nonresidential sector looking at
11 all aspects. We're going to need to build a robust
12 retrofit market and a key part of that first phase is
13 going to be an in-depth analysis of rating systems
14 and, in particular, some of the early implementation
15 of HERS II, a comparison of HERS II to other common
16 used rating systems such as DOE's energy score and the
17 Oregon energy score. And then coming out of the
18 recommendations for programmatic as well as regulatory
19 changes that are needed to potentially improve both
20 the HERS II program.

21 So we absolutely plan on meeting your
22 request for a comprehensive analysis and in that will
23 be a significant commitment from me and my staff to
24 work with the home performance community to make sure
25 that they feel like their voice is being heard and

1 they're having an impact on the program moving onward
2 and it works for their industry I see mostly as
3 possible

4 COMMISSIONER BOYD: Thank you. I appreciate
5 that.

6 COMMISSIONER PETERMAN: First, I'd just like
7 to thank Commissioner Douglas for all of her work on
8 this. Obviously, it's a difficult issue. And Panama
9 and his team. Commissioner Boyd, thank you also for
10 your eloquent and very comprehensive comments. I
11 don't have much to add on to those.

12 I will say, Commissioner Boyd, that I
13 appreciate your honesty with all about you wrestled
14 with this and in your decision because I think it's
15 important for people to realize that often times, even
16 though we get to consensus we deliberate and think
17 about these things carefully and have been thinking
18 about this in the coming weeks and days to this
19 Business Meeting, independently reviewing the
20 materials and this is the first opportunity we have
21 all had to be together with the public to talk about
22 these issues.

23 Your comments have really given me food for
24 thought and I support and am happy with the commitment
25 to further look at some of these issues as part of the

1 AB758 process.

2 I'd also like to particularly thank the
3 member of the public who pointed out that there are
4 some types of funding available to help contractors
5 and providers as they're working through the HERS
6 rating system and good to continue to identify those
7 types of funds through the workforce investment boards
8 and similar organizations.

9 Again, sir, it was good to hear that you
10 have hired 5 people and considering the depressing
11 news we have had around jobs recently we don't take
12 that lightly.

13 Overall, I support the intent of what we're
14 trying to do here in terms of streamlining this
15 process because there will be some reduced cost,
16 hopefully to consumer in the end and more uptake in
17 energy efficiency. Of course we want to balance this
18 with additional costs this provides to those consumers
19 who are also businesses and I think that this is what
20 we struggle with now.

21 Public, thank you for that additional
22 information and I found this forum has been useful for
23 me and will be useful for all of us going forward as
24 we continue to work on these measures.

25 CHAIRMAN WEISENMILLER: Thank you. I'd like

1 to make a few comments also. First of all, certainly
2 appreciate everyone coming and their contribution and
3 their opinions in helping us weigh these issues.

4 Before I returned to public service, I owned
5 an established company for over 2 decades and so I
6 know the trials and tribulations of meeting a payroll
7 and dealing with healthcare costs in this country,
8 especially in this decade—well the last couple of
9 decades.

10 I understand part of the messages that we
11 were getting, I think all of us go into this with the
12 notion that energy efficiency is at the top of our
13 filing order and when we look at energy efficiency,
14 certainly the existing buildings built before codes
15 are an incredibly prime target. I think that's why
16 all of us have invested so many time and money in the
17 Energy Upgrade California program to really see if
18 there is a way to make progress there.

19 We've found out it is difficult. Certainly,
20 I think our takeaway from today is that it's a very
21 ambitious program and that we really need to make it
22 work but that it's hard. It's hard to do that. And
23 certainly for people who are in the front lines, out
24 walking through the houses, checking, it's really
25 tough out there now. It's certainly tough in state

1 service as we deal with furloughs, hiring freezes but
2 it's certainly tough out there too.

3 It's a very loud and clear message on HERS
4 II, that people have concerns about that. And I think
5 that we all got the message that it's time to look at
6 that. And also the message that we really need to
7 figure out how to make Energy Upgrade California
8 working more effectively and efficiently. There is a
9 theory that, to the extent than we can simplify
10 things, that that will increase the consumer uptake.

11 At the same time, I certainly empathize with
12 the applicant, who based on our regulations spent time
13 and money on this. And those of us again, with a
14 business background, know that time is money so the
15 notion that somehow their part for six months would
16 come at a real cost to them. And so the question
17 comes of giving consumer another alternate, as I
18 understand this is not the only alternative but
19 another pathway, and so again advantage to them—from
20 my prior career, one of the things that's clear to get
21 investment in California is that it's critical for
22 regulatory certainty. That we can't deal with the
23 rules changing. As least you can't bring investment
24 capital into California in power projects or any of
25 these ventures unless you have a degree of regulatory

1 certainty.

2 Having said that, I think we're all prepared
3 to roll up our sleeves and adjust those regulations
4 over time to try to make them work more efficiently.
5 We're certainly prepared to listen to people and
6 certainly appreciate everyone taking time from their
7 busy schedules and the passion people have on this
8 issue. And I assume the passion that they reflect in
9 their work in terms of really getting energy
10 efficiency buildings. So again, thanks for your
11 contributions today.

12 COMMISSIONER DOUGLAS: With that, I move
13 Item 8.

14 COMMISSIONER BOYD: I'll second the motion.

15 CHAIRMAN WEISENMILLER: All those in favor?
16 (Ayes) This Item passes unanimously.

17 COMMISSIONER BOYD: My thanks to everybody
18 who took the trouble to be here today.

19 CHAIRMAN WEISENMILLER: Precisely.
20 Commissioners, are you ready to go onto Item 9? 2011-
21 2012 Investment Plan for the Alternative and Renewable
22 Fuel and Vehicle Technology Program. Pat?

23 MR. PEREZ: All right. Good afternoon,
24 Commissioners. I'm Pat Perez, the Deputy Director for
25 the Fuels and Transportation Division. Today, I am

1 presenting for your approval the Transportation
2 Committee's 2011-2012 Investment Plan for the
3 Alternative and Renewable Fuel and Vehicle Technology
4 Program.

5 This presentation will provide a little
6 background on the program itself, the investment plan
7 that is before you today and, most importantly, the
8 proposed funding allocations as illustrated in the
9 investment plan.

10 With respect to the program itself, AB 118
11 was our enabling legislation with the overall
12 objective to develop and deploy innovative
13 technologies, to transform California's transportation
14 energy sector and help achieve our greenhouse gas
15 reduction goals as articulated in the climate change
16 policies that the state has.

17 For a little brief, history, with respect to
18 the program, today we provide a little more than \$190
19 million for a variety of project as reflected in
20 interagency agreements, loans and grant agreements.
21 It's probably not surpassing to you that we received
22 over 300 proposals, good proposals, requesting over
23 \$1.2 billion in public funding for this program so the
24 demand far exceeds our ability to fund many of the
25 worthy bio products that have come before staff.

1 Also, would like you to know that we've held
2 5 major workshops soliciting public input as well as
3 input from our advisory group. Many of those members
4 are here today and you'll hear from them later.

5 We received a tremendous amount of
6 encouragement to pursue changes to the program. Some
7 of those changes include allowing match funding to be
8 spent earlier on before the agreements are finalized,
9 simplification of the investment plan process as well
10 as our Executive Director is leading the effort for
11 identifying other internal process improvements that
12 will be before you down the road.

13 Also would like to acknowledge the
14 tremendous support from Assemblyman Wieckowski and the
15 entire Assembly and Senate for this support this week
16 on the bill that will also provide additional relief
17 as we move forward with the future investment plans.

18 As I noted, there's a number of efficiencies
19 and improvements that we're looking at right now. I
20 pretty much described those in a nutshell. You'll be
21 hearing more about those as we move forward with our
22 overall recommendations down the road with other
23 process improvements here in the Commission which will
24 not only benefits the 8118 program and the Investment
25 Plan but other Commission Plans as well.

1 With respect to the Investment Plan, it
2 identifies the priorities and opportunities that we
3 have with alternative fuel vehicles and the
4 infrastructure. We are required to develop and adopt
5 the plan annually; future investment plans will be
6 timed with the release of the Governor's proposed
7 budget in January and then revised. We won't actually
8 begin work on the 12-13 plan until later this week.
9 So we're on a pretty short timetable there.

10 As I noted earlier, we've held 5 public
11 workshops throughout California. Here in Sacramento,
12 Long Beach and San Francisco. This particular
13 investment plan, we probably generated more written
14 comments and testimony than the other two investment
15 plans combined. So there was a tremendous amount of
16 interest in what we are doing. We certainly benefited
17 from the input from a variety of industries as well as
18 public organizations and agencies in the development
19 of this plan and particularly from our 20 member
20 advisory committee which was critical in developing
21 this plan. I'd also like to remind you that we
22 released and posted this draft investment plan nearly
23 4 months ago.

24 Today's report which was released and posted
25 on the Energy Commission's website and the changes

1 between the plan that we released 4 months ago and the
2 plan in front of you today, most of those changes have
3 been minimal.

4 In terms of the overall funding priorities,
5 we basically look at the development stream looking at
6 the short term, near term opportunities, the medium
7 more about 5 years and some of the long-term
8 opportunities as we evaluate the fuels and
9 technologies that will enable us to get to a cleaner
10 transportation energy future. Some of the mark in
11 technological barriers are identified and that's what
12 we tried to channel some of our funding to address
13 some of those challenges so that we can get those new
14 technologies into the marketplace sooner so that we
15 can all realize the many public benefits that these
16 technologies offer for us.

17 With respect to the actual technology fuels,
18 let me quickly run through some of the exciting things
19 that we're working on. We have a regional readiness
20 planning program and we're allocating about \$1 million
21 there about to support plug in electric vehicles.
22 This was released recently. We'll have a continuous
23 filing opportunity through July 5, 2012 seeking
24 applicants from throughout California to assist us
25 with this expansion of PEVs and establish best

1 practices for building codes that are critical for
2 getting the infrastructure in place.

3 And try to assist regional and local
4 governments with the streamlining of permitting as
5 well as installation of chargers. And, also, look at
6 the inspection procedures at the local level. What we
7 can offer support and help for to accelerate the
8 timing and approval of PEVs.

9 With respect to hydrogen, this is a topic of
10 tremendous interest. We're working very closely with
11 our partners at the Air Resources Board as well as the
12 California Fuel Cell Partnership as well as the
13 original equipment manufacturers to best situate the
14 public as well as other infrastructure to accommodate
15 the growing fleet of hydrogen vehicles throughout the
16 state. And within this plan, we've allocated \$8.5
17 million to accomplish that task.

18 With respect to natural gas, again we are
19 focused on the installation and new infrastructure to
20 not only support medium and heavy duty natural gas
21 vehicles but recently we also added back into the plan
22 funding to support light duty natural gas vehicles as
23 we learn the original equipment manufacturers are
24 going to be providing more vehicles there. So we've
25 allocated \$8 million for fueling infrastructure

1 throughout the state.

2 With respect to propane, of course very
3 critical out in the rural areas with the natural gas
4 mains do not exist. We want to support efforts there
5 to support an expanded fleet of light duty incentives
6 there as well as the fueling infrastructure to
7 accommodate the expanded rollout of more propene
8 fueled vehicles throughout California.

9 With respect to gasoline substitutes, again,
10 we're looking at expanding and increasing the
11 availability of liquid biofuels from low carbon feed
12 stocks to displace gasoline throughout California.
13 We've allocated about \$8 million to achieve that goal.

14 Also the rollout expansion of E85 is
15 critical at this stage and Propel and others are
16 assisting us in that effort. As a result, we'll be
17 recommending another \$5 million there.

18 On diesel substitutes, again, we're seeking
19 low carbon feed stocks here for displacing traditional
20 diesel that is used in this state. We're offering \$8
21 million there.

22 And with respect to biomethane, what we
23 would like to accomplish with this \$8 million is
24 really to focus on feed stocks that include organic,
25 non-recyclable municipal solid waste as well as

1 wastewater treatment plants animal manure from dairy
2 waste and food waste which is really the focus of that
3 effort.

4 Something else that's very exciting to us
5 and thanks to the hard work of staff, we recently
6 released a solicitation of up to \$17 million for
7 medium and heavy duty vehicles. A solicitation that
8 builds on creating and fostering partnerships
9 throughout California that will hopefully allow us to
10 increase the number of medium and heavy duty vehicles
11 alternative fuel power vehicles in California's
12 dirtiest airbases so that's what the focus of that is.
13 The proposals are due October 7. We expect to get
14 pretty good response there.

15 As this slide shows we've put aside \$12
16 million for the deployment of incentives for natural
17 gas vehicles, another \$3 for propane and then also
18 include develop and demonstrate advanced technology in
19 medium and heavy duty vehicles for \$8 million. It's a
20 significant down payment for moving forward.

21 With respect to innovative technologies,
22 advanced fuels and federal cost sharing. This is a
23 major category that we set aside funding to capture
24 opportunities that might come down the road for yet to
25 be determined or for solicitations that may be

1 released by the federal government and others that we
2 could provide matching funds for to expand investments
3 in California. It's not as large as a previous
4 investment plan but we've put aside about \$3 million
5 in seed funding to capture some of those opportunities
6 down the road.

7 Another critical area, and one of tremendous
8 interest right now, in our very difficult economy is
9 how do we expand our manufacturing base so that we can
10 ensure California remains at the forefront of these
11 new advanced transportation energy technologies so
12 we're putting aside \$10 million for manufacturing
13 facilities and equipment.

14 And then we also recognize, as we have in
15 the previous investment plans, the need to have
16 skilled labor to assist us in moving forward with the
17 introduction of new advanced transportation
18 technologies in California so we've provided—or at
19 least we're recommending at least \$6 million for
20 workforce training and development, another \$250,000
21 for workforce development and outreach as well as
22 looking at dedicated clean transportation workforce
23 needs study to better evaluate where we've been with
24 our current investments, what's working, what's not
25 and where should we focus and channel our funding in

1 the future.

2 We also have a category called market and
3 program development to strengthen our analytical bases
4 for looking and evaluating at the various technologies
5 and fuels. We have about \$500,000 set aside for
6 sustainability studies and another \$2 million in
7 technical assistance and analysis. If I could
8 underscore the comments that I've heard from the
9 Commissioners earlier, the recognition of the lack of
10 staffing we have to do this work. We're going to be
11 relying more and more heavily on technical support
12 assistance. This category was reduced slightly from
13 the previous year's allocation to really focus on the
14 technologies themselves as well as the infrastructure
15 to get into the marketplace.

16 The final table is just simply a summary of
17 all the funding allocations which total \$100 million
18 here and how they're categorized from plug-in electric
19 vehicles right down to market and program development.
20 This has been an ambitious effort and I would like to
21 really thank Vice Chair Boyd, Commissioner Peterman
22 who led this effort and provided the guidance and
23 overview for the development of this plan. I would
24 also like to acknowledge at this time the assistance
25 and input provided by our 20 member advisory team,

1 many of whom are here today because we could not have
2 put together this plan without their assistance and
3 support. And especially, I'd like to thank my
4 Emerging Fuels and Transportation Office led by Jim
5 McKinney and Charles Smith the main author of this
6 plan and Peter Ward and Alicia Macias and Jennifer
7 Allen as the key supervisors who worked tirelessly to
8 put this plan together and all of the technical staff
9 that some of which are probably up there at their
10 desks working right now. It was a tremendous effort.

11 At that point, I will turn it over to the
12 Transportation Committee. I know that we have a
13 number of speaker from the advisory committee that are
14 here today to speak and I'll also stay put to respond
15 to any questions that you may have.

16 COMMISSIONER BOYD: Thank you, Pat. Well,
17 you're turning it back to the Commission not the
18 Transportation Committee but the Chairman having
19 stepped away for a few minutes asked me to carry on
20 with the meeting. So you do have to nab the
21 Transportation Committee.

22 Thank you for that thorough presentation. I
23 think a lot of the people in this room know what a
24 long slog this has been to get to this day. Some
25 anticipated delays, some unanticipated delays but we

1 finally are in the position to move forward on this
2 year and you get to take a couple of deep breaths
3 before you start on the next investment plan that has
4 to be done even sooner than this year's investment
5 plan.

6 I think at this time, I'll turn to people
7 who have signed up to speak. Just taking the cards in
8 the order that they were presented me but I see the
9 first is from the Air Resources Board, Joe Calavita.
10 Only fair that we hear from a sister agency who did
11 labor with us on some of this.

12 MR. CALAVITA: Thank you, very much. I'll
13 be brief. I just wanted to give ARB support for the
14 investment plan before you today. ARB staff and
15 Energy Commission staff have worked very closely
16 together to make sure that our pots of respective AB
17 188 funds are coordinated and don't overlap and that
18 the public knows where to go for each particular type
19 of technology that it wants. I'm very appreciate of
20 the close working relationship that we have with the
21 Energy Commission and we're happy to support the
22 investment plan here today. And I'm available for any
23 questions if you have any. Thank you.

24 CHAIRMAN WEISENMILLER: Thank you.
25 Commissioners, any questions?

1 COMMISSIONER BOYD: Just thank you for all
2 the work that you folks have done for us. Thank you.

3 CHAIRMAN WEISENMILLER: Thank you. Ms.
4 Tutt?

5 MS. TUTT: Good afternoon. My name is
6 Eileen Tutt. I'm the Executive Director of the
7 California Electric Transportation Coalition and also
8 a member of your advisory committee.

9 Today, you have to indulge me a little,
10 because it was quite a task to get to this point and I
11 want to particularly thank Vice Chair Boyd because he
12 had to do this awhile by himself and it was very nice
13 to have Commissioner Peterman join him but I do,
14 really appreciate, all of his work and particularly
15 Pat Perez and your staff. It was a pleasure to work
16 with them. I really felt like when you say there were
17 minimal changes for the rest of us that suggested the
18 changes and the responsiveness of the staff, it was
19 incredibly important and meaningful. It felt as if we
20 were heard so I very much appreciate that.

21 I also want to condone the staff on the
22 overall improvements in efficiency and the process,
23 improvements on the process. I think it was very
24 noticeable this time and resulted in a much more
25 productive and efficient dialogue as well.

1 So I'm going to talk mostly about the
2 electric vehicle component, not surprisingly. Because
3 I want to particularly support the recognition in the
4 report for the need to work on multi-unit dwelling
5 issues. Those are the very difficult and in my world
6 we spend a lot of time how to get these vehicles in
7 the hands of folks who live in multi-unit dwelling
8 situations. I think the efforts of the Energy
9 Commission and the dollars spent there will be very
10 productive in helping us move that along.

11 I also want to support the attention paid to
12 workplace charging and the focus on workplace charging
13 because I think, in addition to home charging,
14 workplace charging is going to meet most of the needs
15 of most electric car drivers. There are certain
16 programs that can be implemented in the workplace that
17 aren't not necessarily available in public charging
18 and we can talk about that, I'd love to, at another
19 time. There's particularly value to workplace and
20 home charging.

21 I can't stop without saying I really
22 appreciate the attention to medium and heavy duty
23 vehicles in this report. Not just for the electric
24 and advanced technology but also for natural gas and
25 alternative fuels and propane. I just got back from

1 Fresno and the in the rural areas that is really
2 important so I appreciate the attention in this
3 document to that.

4 I want to urge you to work with your
5 regional partners and the regional efforts because
6 there were a couple of bills that I worked with your
7 staff on that supported regional efforts and the
8 degree to which the Energy Commission works with them
9 and supports them will be very important to a success
10 of electric transportation.

11 I have one sort of ask, and I know you're
12 already planning on doing it because I've talked to
13 your staff and I think they're committed, in the
14 electric vehicle market, we're in early market. This
15 isn't a pilot anymore. California is very, very, very
16 clearly leading the way in the plug-in electric
17 market. As you provide funding to support that market
18 and to really draw those vehicles to California, we're
19 going to learn a lot. So in addition to tracking what
20 you learn, I think it'd be very good to document what
21 we do and what your money does, our money does, in
22 terms of the MUD as I said, the multiple unit
23 dwellings, at workplace and the home recharging. All
24 of these efforts. The degree to which that can be
25 documented and lessons learned can be documented, the

1 value proposition is shared beyond the projects that
2 you fund to other project throughout the state and
3 throughout our nation so with that, again, I really
4 want to laud the staff, I want to thank the
5 Commission, I want to urge your support—I want to urge
6 your support for adoption of this proposal and very
7 much appreciate the opportunity to be on the advisory
8 committee. So, thank you.

9 COMMISSIONER BOYD: Mr. Chairman, if I
10 might. Eileen, before you leave I want to thank you
11 for your kind words. Secondly, Eileen is a prime
12 mover behind the creation of the electric vehicle
13 collaborative which takes her organization and all
14 other stakeholders and brings them to the table to
15 talk about the needs for plug-in electric vehicles of
16 all kinds. That produced a plan late last year that
17 was very beneficial and that experience led everybody
18 to decide that they want to continue on a voluntary
19 basis sticking together for awhile to keep electric
20 vehicles moving along so I will compliment Eileen for
21 her driving force to talk us into creating that.

22 The other thing that Eileen mentioned was
23 workplace charging and I just want a quick word here.
24 This is a fairly significant change in policy on our
25 part because for several years now in IEPR forecasts

1 and others, we've heavily emphasized at home charging
2 mainly to take advantage of the idea that we would
3 keep people from charging on peak at home charging
4 would be predominantly all peak and we predicated all
5 of our estimates of this security and the reliability
6 of our system on that fact and our ability to provide
7 enough electricity for electric vehicles. But there
8 have been a large number of studies that have, number
9 1, verified the fact that a predominant amount of
10 charging will take place at home on peak but that it
11 does take the draw, the lure, of workplace charging to
12 add to the customer concerns for range and
13 attractiveness of electric vehicles but that studies
14 have shown that workplace charging will occur early in
15 the day and be completed before we reach peak times
16 and therefore allay our concerns of overly stressing
17 the peak charging time. So, as indicated, the plan
18 does call for a little more emphasis on workplace
19 charging and I thought I would make those comments at
20 those time because Eileen reminded me of that topic.
21 So thank you.

22 MS. TUTT: Well thank you. I do want to
23 point out that workplace charging providers other
24 opportunities that I know you will be looking at in
25 the next iteration of this plan and the next iteration

1 of our work on electric vehicles and that is there are
2 opportunities at workplace charging for things like
3 demand response that may not be as easily done in
4 public charging. I'll end there but I do appreciate
5 the change in direction and leadership of the
6 Committee.

7 COMMISSIONER PETERMAN: I'll just add one
8 other comment, Eileen. First of all, thank you for
9 your participation on our advisory team and your work
10 in this space. As you may be aware, on Friday we're
11 going to be having an IEPR hearing in looking at the
12 demand for transportation and transportation fuels and
13 electric vehicles is a particular area where there's a
14 range of investment around forecasts so I hope that
15 you'll continue to anticipate in our forums,
16 particularly in the Friday workshop and look forward
17 to your comments on that.

18 MS. TUTT: I'll definitely be there.

19 COMMISSIONER PETERMAN: Fantastic.

20 CHAIRMAN WEISENMILLER: Thank you. Bonnie
21 Holmes-Gen.

22 MR. CARMICHAEL: I'm definitely not Bonnie
23 Holmes-Gen. She has to leave early so I was going to
24 make some comments for her when I spoke. I'm Tim
25 Carmichael. So I can do it now or I can wait for my

1 turn.

2 CHAIRMAN WEISENMILLER: Why don't you do it
3 now?

4 MR. CARMICHAEL: Okay. Very well. Thank
5 you. Tim Carmichael with the California Natural Gas
6 Vehicle Coalition. I'm also the member of the
7 advisory committee and because Bonnie had to leave for
8 another meeting, she asked me to make a few brief
9 comments that we have in common.

10 First of all we were both here to support
11 the plan approval today. We're both very appreciative
12 of the work that Pat Perez and his team put into this
13 plan. It's been many months in the making, as has
14 already been noted. We also very much appreciate the
15 leadership and oversight from Commissioner's Boyd and
16 Peterman. It was very helpful for a couple of key
17 points in the development of this plan.

18 We believe strongly that this is a very good
19 plan which will help California continue our
20 leadership across this country in the development and
21 employment of clean transportation technologies. We
22 sometimes forget that there's a lot of complaints on,
23 you know, how come our budget is so screwed up in this
24 state and how we don't have enough money to do this or
25 that but this pot of \$100 million a year is the

1 biggest pot in the country. And one of the biggest
2 pots in the world going into this sort of investment.
3 So that's why you have so many companies and
4 interested parties engaging from other parts of the
5 country and watching this process because it's seen as
6 one of the most powerful and most potent programs in
7 the country. And we appreciate that very much.

8 As was also noted, we also wanted to note
9 the—or commend the progress and the process. It is
10 getting more efficient. Pat referenced how many
11 written comments there were. As a reminder the staff
12 asked for more comments in writing and the Committee
13 agreed that that was a very good thing to do because
14 it's easy to make a comment in passing in a Committee
15 meeting and then all of the onus is on the staff to
16 try to capture that and make sure that they got the
17 context right. Encouraging more written comments was
18 absolutely the right thing to do and I think it's made
19 the process better and I have seen progress with each
20 of these iterations, each iteration of the plan and I
21 expect to see more progress with the next plan in the
22 way it is developed. As Pat already noted, AB 1314,
23 hopefully the Governor will sign that and it will help
24 this agency make that process a little bit better.

25 Now putting on my Natural Gas Vehicle

1 Coalition hat for a couple of additional comments. I
2 want to thank the CEC for the continued support of
3 natural gas vehicles and the infrastructure necessary
4 to support the development of that clean technology.
5 We especially appreciate the inclusion of funding for
6 light duty vehicles. That is an important piece of
7 the puzzle and I have Ford and Honda on my board but
8 there are other companies who have indicated to the
9 CEC that they will also be bringing light duty
10 vehicles to the market and you may even see something
11 in the news tomorrow about this.

12 Finally, there was one change that we
13 requested that wasn't incorporated in this latest
14 draft that I want to bring to your attention because
15 it continues to be an important issue for us and it
16 relates to the biomethane infrastructure piece.
17 First, let me be very clear. This agency has done
18 more to support biomethane and development than anyone
19 else that I can think of in the country.

20 It has great potential. Our membership is
21 very supportive of the approach the Commission staff
22 and committee are taking with a priority on pre-
23 landfill streams for biomethane development. Our
24 concern was as drafted the plan precludes the
25 possibility of any of that funding going to a landfill

1 project. We believe that there's a misconception in
2 California that because there's been some investment
3 in the past, that landfill technology and that
4 landfill to fuel technology-system is fully developed.
5 It's important to remember that there's only a couple
6 of these projects in the entire state. There's a
7 couple more proposed but we're still talking about
8 less than a handful of these projects statewide. We
9 continue to believe that prioritizing pre-landfill
10 biomethane development is a good idea and very
11 supportable but we don't think the plan should
12 preclude funding or contributing to funding a good
13 landfill project if one is proposed during the course
14 of this program. We pitched the staff on that and
15 obviously you've got the draft and the Committee's
16 draft before you but it continues to be an issue which
17 we believe would be a better plan if that tweak was
18 made so I leave you with that request. Again, we're
19 here as Bonnie Holmes-Gen from the American Lung
20 Association to support approval of this plan and
21 appreciate all of the work that went into it. Thank
22 you.

23 CHAIRMAN WEISENMILLER: Thank you.

24 COMMISSIONER PETERMAN: Tim, I also wanted
25 to mention, in case you weren't aware, that the

1 renewable staff is holding a workshop on September 20
2 on delivery requirements on pipeline biomethane as it
3 pertains to the RPS and just something that because of
4 the interest in the fuel source from the
5 transportation sector would welcome your participation
6 and comments as they might have larger implications.

7 MR. CARMICHAEL: I absolutely plan to be
8 there and you should expect quite a few companies from
9 that growing industry--blossoming industry to be there
10 as well. We're very appreciative that the Commission
11 scheduled that workshop and I think there will be
12 really good participation.

13 COMMISSIONER PETERMAN: Great. Glad to hear
14 the word is out.

15 CHAIRMAN WEISENMILLER: Paul Staples?

16 COMMISSIONER BOYD: He's on the phone.

17 MR. STAPLES: Hello. Can you hear me?

18 CHAIRMAN WEISENMILLER: Yes.

19 MR. STAPLES: Well, thank you very much for
20 taking the time to hear my comments. First of all,
21 just on one particular item, the previous Item on Item
22 8. I'd like to make a very brief comment. And that
23 is basically I can relate to the concerns of some of
24 the people that have come up with another
25 certification process because it does add to the

1 burden. One of the speakers mentioned that the
2 certification process, if you could consolidate these
3 certifications into one certifications you save a lot
4 of time, money and headache for everyone and it would
5 streamline the whole process so I have to say that I
6 support that thought and that idea.

7 Having said that, I'd like to move onto Item
8 9. My name is Paul Staples, I'm Chairman of HyGen
9 Industries. What we develop is a renewable hydrogen
10 energy project and programs. We've been at it for
11 about 20 years now and have invented some really
12 ground breaking products in the state of California
13 including the Clean Air Now project and our team is
14 the same team that developed that as well as the Santa
15 Monica program which is ongoing and led to a 5 city
16 program. So we do have some experience and background
17 in this field and I just want to say that after
18 looking at the business plan and the investment plan
19 and the fact that there's something here that I think
20 is very odd.

21 I'm the only one online attending this
22 meeting from what I can see. And that sounds very
23 curious because I didn't find out about this meeting
24 until yesterday evening. There was no notice sent out
25 on listserv to me, and I'm on listserv so I get all

1 those notices. I got a notice of the investment plan
2 back on August 24 and it just indicated that it would
3 be considered at the next Business Meeting.

4 It was not indicated, in all its links, did
5 not show any agenda or any time or anything. I even
6 called up at the office and asked about it last night
7 and that's when I found out at the public advisor's
8 office was tomorrow when I was submitting my comments
9 which of course does not give appropriate time for me
10 to distribute the comments and to talk to other people
11 about it and get other people to attend here online
12 which nobody is but me. I submit that I find that
13 objectionable, okay. I would request that this
14 Committee table item 9 until an appropriate notice can
15 be sent out to everyone that has a stake in this--
16 particularly in the hydrogen field to attend this
17 meeting and thereby make their comments, okay.
18 Because nobody else is online and nobody else I've
19 heard has had anything significant to say in reference
20 to the hydrogen part. I find that odd. I find that
21 odd and possibly inappropriate. That is what I would
22 like to ask that that be done because there haven't
23 been any comment or any feedback that those in the
24 industry can make and have not had a chance to make at
25 this time. Granted, there are surely--there surely are

1 comments that were filed for the docket and all that
2 but nobody is here at this meeting. And that is, I
3 find highly odd and strange. So therefore I don't
4 believe anybody—all of the people that I've spoken to
5 have not been notified of this meeting and therefore I
6 don't think it's appropriate that any decision on this
7 be made until an appropriate meeting has been
8 scheduled and appropriate notice has gone out to
9 people so that they have the opportunity to attend.

10 Now on the plan itself, the hydrogen part in
11 particular. Mostly, I've spent so much time on the
12 RFP in the previous investment plans and all I was
13 looking for was to see what the funding allocation
14 was. When I looked over and I read it, I have to say
15 that there are some very inaccurate and misleading
16 statements that have been made in that business plan
17 on hydrogen. From everything from the actual acronym
18 that you use for fuel cell vehicles which is supposed
19 to be FCEV which is minor to some of the statements
20 about hydrogen infrastructure onsite generation.

21 I've never seen an investment plan or any
22 kind of business plan that's so outwardly and
23 obviously makes—this is only what I can think of—is
24 onsite generation of hydrogen when they're going to be
25 funding it. A business is supposed to be an advocacy

1 of a plan and not something that basically makes the
2 choice that says this process is not viable and this
3 other process is viable. It looks like it was written
4 by the industrial gas industry and not by people who
5 are researchers.

6 Second of all, statements about various
7 different operation and maintenance costs, about
8 onsite generation with electrolysis is absolutely
9 incorrect. It doesn't look like anybody went to the
10 hydrogen DOE program to review the facts that their
11 statement is inaccurate based on the research that the
12 DOE has been doing for the last 10 years. It just
13 states thing that are absolutely inaccurate and
14 misleading. For instance, vehicle production of
15 fueling is still at a pre-commercial stage where the
16 industry cannot take advantage of economies due to
17 scaled benefits with commercial production values.
18 It's misleading but it implies that you have that in
19 every new alternative energy system that comes up and
20 it can be alleviated mostly by funding large
21 quantities of systems to bring to bear the economy to
22 scale. And that is not possible with many other
23 options but it is with this particular option and
24 that's something that really needs to be reconsidered.

25 We start manufacturing components, I can

1 guarantee you that they're going to be cheaper. I'm
2 planning on submitting a proposal that will show that,
3 that will demonstrate that. It says to the industry
4 don't bother investing in this because we do not
5 believe in it. That is not appropriate to be in an
6 investment plan that you're planning on investing
7 money in. It says to the industry that we won't be
8 supporting this much more, much longer. So what does
9 that say to the investment community says, "Well, why
10 should we invest in this? Why should we invest in
11 this technology if the State of California is planning
12 on zeroing it out?" And that's the tone of the
13 business plan right there. And clearly, much of the
14 assumptions that are being made are inaccurate. And
15 then you go on to say in another sentence "however the
16 indicators cost is increasing on both the vehicle and
17 the fueling infrastructure side." Which is it? Is it
18 too inefficient and too costly and unviable or is it
19 viable or is the pricing of the cost coming down and
20 that's really what is really happening.

21 If you've gone to the DOE merit review
22 program you would have seen that efficiencies are
23 already getting as high as 88 percent on the
24 electrolysis system and that operation and maintenance
25 for any major operation and maintenance is 60,000

1 hours away. So they have a 60,000 operating window
2 for any issues so therefore any statement that they
3 don't is erroneous because you may be looking at only
4 one particular entity or one particular technology
5 that one particular company may be presenting that may
6 not be but that doesn't take into consideration all
7 the other companies or all the other participants in
8 the field would conclude. And the merit review would
9 have told you that and would have shown you that which
10 has been going on for 10 years now.

11 From that perspective, I think what we need
12 to do, what needs to be done, is you need to basically
13 rewrite that program so that it does give reason for
14 the private investment community to see that the state
15 is supporting this and that there will be continuing
16 support for this down the road because if you don't
17 they're basically going to say why would they bother
18 investing in this and that's the dilemma I have to
19 deal with in getting private funding to support what
20 I'm trying to do. They look at this. This stuff
21 means stuff to them. They follow the lead here when
22 you're doing these sorts of efforts and these sorts of
23 projects because by basically the tone of what you're
24 saying. You read the tone of that thing and it looks
25 like this is going to be the last year so why should I

1 bother investing time and effort in it when there's
2 not going to be continuing support of this down the
3 road and that's the problem. When you say the
4 original car manufacturers that they are now below the
5 100,000 mile mark it's much better than that. My
6 review have shown that they've got cost projections
7 down below as low as \$53/kW equal to almost a nice
8 vehicle drive train in mass production. You don't see
9 that anywhere else in any other option there. From
10 battery electric vehicles, to plug-hybrids. None of
11 them come down to the expectation that the DOE has
12 been to and researched. The Energy Commission has
13 also seen a cost of fueling stations decrease. Well,
14 which is it? Is it too expensive and too unviable
15 economically or is it becoming more viable? You say
16 one thing in one sentence and then say something else
17 in another sentence.

18 CHAIRMAN WEISENMILLER: Mr. Staples, we have
19 your written comments and we've gone through those so
20 if you want to wrap up and summarize and wrap up but
21 you should assume that we've read your written
22 comments.

23 MR. STAPLES: Okay. Well. I didn't have a
24 chance to submit them until last night.

25 CHAIRMAN WEISENMILLER: But we did get them

1 and we did look at them.

2 MR. STAPLES: And I appreciate that, like I
3 said, there wasn't enough time for me to distribute
4 this and to get this out to other people who might be
5 at this meeting that might have something to say about
6 it. From that perspective, I really feel that this
7 particular Item should be tabled for at least enough
8 time to have an appropriate meeting and an appropriate
9 hearing on this particular part of the proposal so
10 that when notice is made of a meeting like this, there
11 will be more people to attend and more people to
12 possible have input on it. So I ask that you
13 reconsider whether today is the right date to do this
14 because proper notice was not given. And it's clear.
15 You go to the website, it's not there. You have to
16 absolutely know where it's going to be in order to
17 know that and there was no indication, no link to it
18 in any of the notices that have been sent out over the
19 last several weeks so from that standpoint I really
20 think that it's inappropriate to be making a decision
21 on this Item when proper notice was not sent out.

22 CHAIRMAN WEISENMILLER: Okay. Thank you.
23 I would note that for the record that there are 27
24 people on the line at this stage still and there are a
25 couple dozen people in the room, some of whom are

1 Commission staff and your comments are outside on the
2 table for people to pick up.

3 MR. STAPLES: I just don't see anyone online
4 here with me. I'm the only one that seems to be
5 online on-

6 CHAIRMAN WEISENMILLER: You can't see it but
7 we can see it in our WebEx and when we do that, we see
8 26 attendees displayed. So anyway, there is a very
9 large group for what's been a pretty lengthy session.
10 I'm sure people interested primarily in this topic.
11 Commissioner?

12 COMMISSIONER BOYD: Mr. Chairman. Paul,
13 this is Commissioner Boyd and you and I have developed
14 a relationship. I've talked to you quite a bit over
15 the months. It appears that there was a mistake in
16 not using the listserv to distribute the latest
17 information although this product has been available
18 for a long, long time. This project has been
19 scheduled and rescheduled for hearing by this
20 Commission multiple times so most people have followed
21 it.

22 Over the months that I have been associated
23 with this program, we've heard more from hydrogen
24 technology and fuel proponents, in my opinion, than
25 any other fuel or technology proponent. So it's not

1 fair to say that we haven't heard from those folks.
2 This has been one of the more controversial areas of
3 these plans from the beginning. I think we know the
4 subject, and the staff knows the subject quite well.
5 I personally salute your passion for hydrogen. You
6 keep us on our toes on this subject. I assure you
7 there is no intention to signal in any way that this
8 is the end of any investment in hydrogen or to commit
9 that we would invest in the future. This is a one year
10 plan based on the input that have been received up to
11 this point in time. I think that your criticism are
12 very harsh on the staff. As you've heard the advisory
13 committee has been deeply involved. The California
14 Fuel Cell Partnership and the Air Resources Board are
15 extremely active proponents of hydrogen and we have
16 worked and listened to them at length so our posture
17 now is to support demonstration rollouts now as
18 technology has developed to the point of being
19 affordable by the general public and yes, costs, are
20 being driven down in all aspects. As you know, and
21 many people know, that the original dream was hydrogen
22 through hydrolysis and if people will bring us
23 proposals to do that someday I'm sure that staff would
24 evaluate this as a technology to provide the fuel. At
25 this point in time, virtually we have no fuel

1 providers. The opportunity being offered to the oil
2 industry who might want to become an energy industry
3 which they did not and the industry gas and fuel
4 people have stepped forward at least to fill the void
5 for the time being at least in regard to providing
6 hydrogen for the rollouts. As technology is proven
7 and as other technologies for hydrogen are proven over
8 the years of this program, I'm sure the staff would
9 entertain any proposals to develop onsite hydrolysis
10 type facilities. We'd encourage your continued
11 participation and observation and input in the future
12 but we do have to move on to other witnesses.

13 COMMISSIONER PETERMAN: Mr. Staples, before
14 you comment let me just add another comment. This is
15 Commissioner Peterman. We have not had the pleasure
16 of meeting. I appreciate your comments and
17 specifically—I wanted to clarify one thing. This is
18 not a business plan. This is an investment plan and
19 it's an investment of ratepayer money and citizen of
20 California's and that's a task we take very seriously
21 and, as such, being relatively new, this being my
22 first plan, I see as one of the assets of the plan the
23 fact that it lays out the opportunities and challenges
24 that face a number of fuels and technologies. I think
25 that's smart to do because as has already been

1 mentioned, things aren't black and white with any of
2 these technologies in the spaces and it's important
3 for us as we learn and we grow as a Commission, as a
4 state and as an industry that we acknowledge some of
5 these challenges so that we can move forward and
6 determine how to overcome them. I think staff has
7 done a good job of laying out these in the investment
8 plan. I hope that you will continue to participate in
9 our many public opportunities and forums to comment as
10 noted, there were 5 stakeholder meetings on the issue
11 and about 4 months since the draft investment plan was
12 released for comment. It was also mentioned by Pat
13 Perez' staff that they're beginning to work on the 12-
14 13 plan and that will afford you with a number of
15 other opportunities to provide comment. If there are
16 particular factual errors that you find, that's the
17 opportunity and space to do that although your
18 comments submitted last night will surely be addressed
19 and errors will be addressed in future documents. So
20 I just wanted to say that before you commented.

21 MR. STAPLES: Well, and I thank you for that
22 response. And I don't mean to allude to the fact that
23 there's anything conspiratorial or anything going on
24 or anything like that. Appearance is everything and
25 to those who may not know the commitment, the honor

1 and the integrity too of the people who are involved
2 may come to that conclusion when they see something
3 like this basically being stated and contradictory
4 statements that are contradictory to the known facts.
5 That's all that I'm saying. If I can get assurance
6 from this board that I'm the man onsite
7 (indiscernible) is engaged to as part of the plan and
8 accepted and indicated in the RFPs and funded and
9 submitted through the parameters of the RFP, then
10 that's the main thing that I'm concerned about. I've
11 been putting 2 years into getting these stations
12 onboard and I didn't pay them \$5,000 or so to come on
13 board. They're doing this because they believe in it.
14 They think it's good and they think it's right and
15 they think it's good. It's a good paradigm and a good
16 business model for them to follow. That's all I want
17 to be sure of, that we're not looking at the
18 possibility of phasing out on demand, onsite electro-
19 hydrogen from renewable energy. If I'm confident in
20 that, then I feel I can go forward and continue my
21 work without having to worry about wasting the last 2
22 years of my life.

23 COMMISSIONER PETERMAN: Well you can feel
24 confident that we will welcome all input into the next
25 investment plan. There will be opportunities to—I

1 can't repeat the exact phrasing that you just said but
2 I look forward to hearing your suggestions about how
3 that can be included in future plans. I think Pat is
4 going to respond as well.

5 MR. PEREZ: Thank you once again, Mr. Staples
6 for participating in this forum. We do welcome your
7 continued participation and previous comments. One
8 thing that I do want to bring to your attention is
9 that you mentioned that you're going to be submitting
10 proposals down the road is that the onsite hydrogen
11 will be an eligible opportunity in our upcoming
12 hydrogen solicitation so that should make you happy.

13 MR. STAPLES: Well, that does make me happy.
14 I'm just concerned with what was stated at the last
15 Committee meeting, advisory committee meeting, that
16 there will be a rollover of the funds into this next
17 RFP so whoever—I was talking to Tom Cackette and he was
18 looking at yeah, it would be basically \$18-19 point
19 something million that would be going into that next
20 RFP for this. That is a very good thing and I'm
21 hoping that's still part of your plan.

22 CHAIRMAN WEISENMILLER: Michael, you have a
23 comment on the notice question.

24 MR. LEVY: Yes, I do. If I may clarify for
25 the record. First of all--

1 CHAIRMAN WEISENMILLER: Would you identify
2 yourself for the record too?

3 MR. LEVY: Yes. Michael Levy, Chief
4 Counsel. There were some notice comments made by the
5 last commenter, Mr. Staples about notice. And first
6 of all I'd like to note for the record that Mr. Staples
7 submitted comments on the staff draft on March 24, on
8 the Committee draft on May 23 and also on the final
9 draft on September 6 which you have before you. There
10 are 2 legal requirements and one is to publish the
11 investment plan 14 days before the Business Meeting
12 and it was. It went out on the standard alternative
13 fuels listserv on which Mr. Staples is subscribed.
14 And the Bagley-Keene open meeting notice is a 10 day
15 notice and the agenda also went out on that listserv
16 as well. One of the points of confusion maybe that
17 Mr. Staples may have failed to sign up for both
18 listservs but the way that our various listservs work,
19 unfortunately we have some technological hitches,
20 people manage them themselves. They choose what to
21 subscribe to or what not to subscribe to. We don't do
22 that for them and that could be why he wasn't aware of
23 the 10 day notice ahead of time, however it was
24 properly noticed on our agenda listserv and it was
25 properly published as well.

1 MR. STAPLES: Well, all I can say is that I
2 did not receive a notice and I'm on listservs so
3 unless there's a separate listserv that I need to
4 apply to for Business Meetings that should have been
5 something that should have been indicated to people
6 when they sent it out and they certainly should have
7 sent it out in the last meeting, the last notice, of
8 when the investment plan was finished and ready for
9 public review. I did not get that. There was no link
10 to it. There was no nothing that basically said when
11 the meeting was and when I called up and asked about
12 it a few days later, last week, I was led to believe
13 that they were going to look into that and I was led
14 to believe that there wasn't a date set for the
15 meeting yet because there was nothing on the server
16 that indicated that unless, of course, you knew
17 exactly where to look. There was no link to that
18 which there should have been. That's all that I'm
19 saying. It sounds like someone had a glitch. It
20 sounds like there was a glitch. Someone dropped the
21 ball. It's okay. It happens. People are humans.
22 We make mistakes. All I'm asking for is that people
23 be given notice so that people can make a comment.
24 You say that there's some 20 some people
25 that are here because they received the notice. Fine.

1 I didn't. And if I've got to sign up for something, I
2 should be told that. I understood that if I was
3 signed up on a listserv on this particular issue that
4 I would receive all notices that go out on this issue.
5 And if there is another listserv that I've got to sign
6 up for, then please, direct me to the right location
7 and I'll be sure that this doesn't happen again. But
8 nobody ever told me. So I thank you for your time.

9 CHAIRMAN WEISENMILLER: Jennifer?

10 MS. JENNINGS: Yes, this is Jennifer
11 Jennings, Public Advisor. I think Mr. Staples'
12 experience has pointed out a problem that we intend to
13 fix. He was sent an email on August 24 as part of the
14 listserv with a link to the notice page for the
15 alternative fuels plan. That notice—that page
16 previously gave advance notice of—notice of meetings
17 and it said in the email that he received that this
18 would be considered at an upcoming Business Meeting
19 without reference to what day that Business Meeting
20 was scheduled and the notice was never on the page to
21 which his email was linked. So I understand why he
22 did not receive notice and, in the future, when
23 anything is scheduled for a Business Meeting we'll try
24 to make sure that there is an advanced notice also on
25 the particular page. So. I understand why he did not

1 receive notice and probably a number of other people
2 did not receive notice. I understand that the
3 advisory committee was given separate notice by the
4 staff.

5 CHAIRMAN WEISENMILLER: Thank you. Let's
6 get it fixed.

7 MR. STAPLES: Well, I appreciate it if that
8 could be fixed so in the future this mix-up doesn't
9 happen. Thank you very much for your time. I
10 appreciate you hearing my concern and I want to thank
11 everybody for the work they did because they had to
12 work hard in order to make it happen. I know that.
13 And I appreciate that. It's just that when I went
14 over it I saw some real inconsistencies and I've been
15 in the business for awhile so I happen to know when I
16 speak. I'd appreciate it if that could be broached
17 and looked at and considered because the tone of the
18 documents that the government puts out has a real
19 impact on private investment. Thank you.

20 CHAIRMAN WEISENMILLER: Okay. Thank you.
21 Any other comments? I believe not so—

22 COMMISSIONER BOYD: Okay. If there are no
23 other public commentators, let me add my thanks to the
24 staff again for their hard work. Again, thanks to the
25 members of the advisory committee. I would say that

1 we've come a long way from that very first meeting a
2 couple of years ago and the advisory committee has
3 really come through with us. It's difficult to get
4 comfortable with an advisory committee but our
5 advisory committee has been instrumental in
6 identifying and working on the process improvements
7 that even they saw needed to be made and were
8 instrumental in the legislation that was referenced.
9 I hope that legislation becomes a model for future
10 advisory committee operations. The overburdened that
11 sometimes occurs that has to be stripped away later on
12 to get down to the real products but in any event, our
13 118 advisory committee has really been very helpful to
14 us and we look forward to their input in a few days on
15 the yet next investment plan.

16 I just want to mention workforce
17 development. When Commission Douglas and I were the
18 Transportation Committee and when the economy really
19 was going south, we frontloaded the AB 118 first
20 investment plan with a lot of workforce development
21 plan, much more than anyone would have thought you'd
22 put in an initial program and I think it has paid off.
23 We still have investment there. We've been pretty
24 stingy with additional investments, wanting to see
25 returns on the initial investment. We saw evidence of

1 good work and modified the investment plan to include
2 workforce development in a very focused way.

3 The last comment that I would make is that
4 this plan is predicated on a \$100 million of revenue
5 and there is concern in light of the economy night
6 recovering as fast as one would hope that there's
7 concern that we'll actually have \$100 million to
8 spend. I just put the Commissioners on notice that as
9 we've had to do in a previous investment plan, apply
10 as we called it a haircut, a reduction across the
11 board. We're hoping that this won't be true this
12 year. These are revenue derived from various sources
13 including the smog check program, the motor vehicle
14 registration fees and as the economy falls off some of
15 those revenue streams fall off. Hopefully, we'll be
16 able to totally carry out aspirations of this plan but
17 we'll see. Of course, the same concern is before the
18 advisory committee and the commission in regard to
19 future investment plans. The quicker we can turn the
20 economy around, the better this program will be in
21 terms of the money it has to invest. Quite frankly,
22 when the bill was passed, we envisioned at least \$120
23 million a year for the CEC portion of this. We've
24 never been able to realize the potential. As Mr.
25 Carmichael said, there aren't any other models like

1 this program and we've been very fortunate to retain
2 these dollars and make these investments because
3 they're contribute to our energy goals, our energy
4 security, energy diversity goals. They contribute
5 significantly to the climate change goals and they
6 contribute to this concept of a modified green economy
7 and business and jobs in California and, from what
8 I've seen, there's been some really positive
9 developments in that arena. So. I'll be prepared
10 when other Commissioners have made their comments to
11 make a motion to approve this plan.

12 COMMISSIONER PETERMAN: I just echo
13 Commissioner Boyd's thanks to the herculean effort
14 done by staff and particularly Jim and Peter and
15 Charles and Kristen. You've been terrific during this
16 process and very calm throughout in terms of your
17 response and it's been a pleasure to watch and learn
18 from you all as part of this process. Thanks in
19 particular to Pat. You were kind enough to thank your
20 staff but I know that Commissioner Boyd and I
21 appreciate your involvement and oversight of this. As
22 always, it was a pleasure working with Commissioner
23 Boyd on this project and I look forward to working
24 with him on the 12-13 investment plan.

25 COMMISSIONER DOUGLAS: Just want to make a

1 brief comment. I requested a briefing on this topic
2 from staff and I got a briefing and I really
3 appreciated their sitting down and walking through the
4 investment plan and walking through many of the issues
5 that I remember as an alumni of the Transportation
6 Committee and the first effort at producing an
7 investment plan. I'm really pleased to see that this
8 has come together so well. I'm pleased to hear that
9 some of the process hitches that we ran into have been
10 much improved so I'd like to add my thanks to staff
11 and also thank the Transportation Committee for their
12 good work.

13 CHAIRMAN WEISENMILLER: I'd also like to
14 thank the staff and Transportation Committee for this.
15 It's been a long day but I'm sure it's time to move
16 onto this item and move onto the next investment plan.

17 COMMISSIONER BOYD: With that, I'll move to
18 approve the investment plan before us, the 2011-2012
19 Investment Plan for the Alternative and Renewable Fuel
20 and Vehicle Technology Program.

21 COMMISSIONER PETERMAN: I'll second that.

22 CHAIRMAN WEISENMILLER: All in favor?

23 (Ayes) This passes unanimously. Thank you,
24 again.

25 Item 10. Minutes.

1 COMMISSIONER BOYD: Move approval

2 COMMISSIONER DOUGLAS: Second.

3 CHAIRMAN WEISENMILLER: All in favor?

4 (Ayes) This Item passes unanimously.

5 Item 11. Commission Committee Presentations
6 and Discussions.

7 COMMISSIONER BOYD: Mr. Chairman, I'll try
8 to be brief which I know for me can be difficult.
9 Last week, I was unfortunately the only Energy
10 Commission person to attend the so-called Asilomar
11 Conference that's held every 2 years by the-sponsored
12 by UC Davis and the Federal Transportation Research
13 Board. This year's conference was entitled,
14 "Rethinking Energy and Climate Strategies for
15 Transportation." The rethinking being that that's
16 been a topic on a very regular basis and obviously a
17 dynamic field. It was quite interesting. A cross
18 section of people throughout the world, addressing
19 these subjects. There were interesting happenings
20 there.

21 The conference was dedicated, and there was
22 a brief memorial, to 2 prominent players in this area
23 in the past. One, Professor Lee Schipper. Professor
24 Schipper was a Professor at UC Berkeley and Stanford
25 with whom many of us had worked a lot with over the

1 years and I'm sure the Chairman knew him better than
2 most of us. And Lee was a real breath of fresh air.
3 The funny thing is, he was a Cal man. I'm a Cal man.
4 And yet, for the last couple of years he'd been
5 spending more time at Stanford and I've spent more
6 time on the Stanford Campus than I had my whole life
7 because of Lee Schipper. He will be sorely missed by
8 those of us who knew him well and was well
9 acknowledged at the Asilomar Conference. There was a
10 whole at the conference because Lee was an
11 accomplished musician. And he had a little musical
12 group that voluntarily played every year during our
13 outdoor barbeques, one of the nights, Lee Schipper and
14 the Mitigaters was the name of the group and we lacked
15 that other than a video that was played in the meeting
16 all as we left to go to dinner.

17 The other gentleman probably not known to
18 most is a gentleman named Jack Johnson who worked for
19 Exxon and I interacted with him a lot through Fuel
20 Cell Partnership, through Asilomar and being from
21 Exxon I didn't think too much of the individual in the
22 name when I first met him years ago but I was
23 attracted to him right away when he had some
24 incredibly progressive things to say at one of the
25 early Asilomar Conferences and it was an a typical to

1 me view of someone from Exxon. And he too was very
2 close to a lot of the folks there. He died,
3 unfortunately, in an automobile accident prematurely
4 and moderately young in life, young to me anyway,
5 having just retired recently.

6 So a couple of comments. A lot of
7 discussion about all the alternative fuels and all the
8 alternative vehicle technologies. The thing that I
9 was very, very pleased with was significant discussion
10 about smart growth in VMT reduction and while there's
11 a lot of confusion in mind my about alternative fuels
12 in particular, and I wasn't real pleased with the lack
13 of a positive message on biofeuls and the progress on
14 biofeuls, I was fairly pleased with vehicle technology
15 growth throughout the world but the smart growth and
16 VMT panel was very good--well those of us that have
17 been involved with this subject at Davis had a
18 separate luncheon meeting one day with a lot of local
19 elected officials as well as other council and
20 government type people. To my--well, one of the
21 concerns I wrote several weeks ago is to what extend
22 do locals know about land use and work, what do the
23 NGOs know and what does the general citizen group
24 know. I wrote this note to myself about 3 weeks ago
25 and what came out of this meeting was they don't know.

1 It was a huge shock to most of the academics that they
2 have not reached this community. So one of the huge
3 benefits to those of us agencies that are trying to
4 work in this area was a realization that something has
5 gone wrong, there's not good communication and I hope
6 from that experience there'll be a great effort on the
7 part of the academics involved and particularly the
8 Center at UC Davis--the Urban Land use Transportation
9 Center to deal with local elected officials. We had
10 two mayors there who had no knowledge of this work or
11 the importance of this work to some of the other NGOs.
12 Hopefully, they'll be some progress there.

13 And the last comment that I'll make is with
14 people involved with biotechnology and what I walked
15 away with is that they're beginning to really score in
16 biochemical's but not biofeuls. They do not see the
17 business case for biofeuls that many of us see. So I
18 think that we have a hill to climb there with regard
19 to that area so we may not see the progress there that
20 I had hoped. So, enough said.

21 CHAIRMAN WEISENMILLER: I was also going to
22 mention that Lee was actually the first employee at
23 the Energy Resources Group back in the mid-70s, early-
24 70s. And he had a passion for communicating science.
25 There's a lot of people who do a lot of very good

1 science but unfortunately don't really focus on the
2 communication. Obviously in the scientific community,
3 oftentimes those communicators are scored. Carl Sagan
4 was never elected to the National Academy of Science
5 because people considered him a lightweight because of
6 his passion on communication. Certainly that Lee had
7 a real passion and his first role at Energy Resources
8 was to try and help communicate the science behind the
9 energy issues. Again, we're all going to miss him.

10 He was closer to my age so certainly passed too soon.

11 In terms of others things, I was just going
12 to mention very quickly, actually all of us except for
13 Jim had the opportunity to sit through a debate on
14 forecasting hearing as part of the IEPR. The thing
15 that really emerged in my mind is the complexity of
16 what we're trying to deal with in this time. The stew
17 is so complicated between the California economy, the
18 energy efficiency programs, the EV programs and
19 distributed gen. That trying to come up with someone
20 that we're comfortable and come up with the range of
21 scenarios that reflect that mixtures of uncertainty
22 make it one of the more challenging aspects of this
23 IEPR I think. And probably will be a challenge for
24 the next couple of IEPRs to try to sort of those
25 issues.

1 Finally, I was going to mention that Rob and
2 I testified before the joint legislative auto
3 committee. They wanted to review the progress of the
4 ARRA funding at this point. So continue that strong
5 emphasis in the legislature and the Governor's office
6 to make sure that we deliver on the ARRA projects.
7 With that, Karen?

8 COMMISSIONER BOYD: Mr. Chairman, since
9 Commissioner Peterman she already mentioned the
10 hearing we're going to have, an IEPR hearing, we're
11 going to have on transportation fuel demand for
12 casting and we're agonizing just before this meeting
13 and have with the staff for some time and I'm sure
14 that Friday's meeting will be equally perplexing as
15 efficiency and the state of the economy and the state
16 of technology all weave together in that arena.
17 There's nothing different from the various fuels or
18 energy sources, be it natural gas in general or
19 electricity or transportation fuels, they're all
20 interconnected to very common forcing functions. I
21 think we are equally going to struggle with that. You
22 all will equally struggle into next year with that.

23 CHAIRMAN WEISENMILLER: Chief Counsel?

24 MR. LEVY: Commissioners, I'd like to request
25 a closed session on an Item that constitutes a

1 significant exposure to litigation against the
2 Commission but the hour is late and I have not had a
3 chance to double back with some of my staff with one
4 of the Commissioner's comments. I'd like request that
5 you adjourn this meeting until tomorrow morning, if
6 that works with your schedule, and pick up the closed
7 session at the reconvene meeting tomorrow. I don't
8 know what your schedules are.

9 COMMISSIONER PETERMAN: I'm speaking at a
10 conference in Berkeley tomorrow all day. I'll call in
11 for it.

12 MR. LEVY: Or perhaps Friday.

13 CHAIRMAN WEISENMILLER: Friday would be—I
14 think this is our window. We're probably out of the
15 window but what I was thinking is that we might have—
16 there are 2 things that we have to discuss, 2 things
17 that we have to do and one part of that we may be able
18 to handle but again, let's try for a very short
19 executive session at the same time try to basically
20 have people find a time for a more detailed one. But
21 at least at this point, when we go into executive
22 session, at least have a 5 minute conversation about
23 next steps.

24 MR. LEVY: All right. The Commission can
25 make such an order from Executive Session as well. So.

1 CHAIRMAN WEISENMILLER: Okay. And Executive
2 Director's Report.

3 MR. OGELSBY: Nothing to add.

4 CHAIRMAN WEISENMILLER: Public advisor's
5 report.

6 MS. JENNINGS: No report. Thank you.

7 CHAIRMAN WEISENMILLER: Public comment. I
8 believe we have one—

9 COMMISSIONER BOYD: Legislature.

10 CHAIRMAN WEISENMILLER: Is the Legislature
11 Director sitting there? Any comment? No? I didn't
12 think so. I believe we have one member of the public
13 on the line to comment. Oh, in person. Satyajit
14 Patwardhan.

15 MR. PATWARDHAN: Hello. Yes, my name is
16 Satyajit Patwardhan. I have a question that's
17 regarding EISG proposals which are part of the PIER
18 program. The reason that I am here is because the
19 discussion and approval of these programs seems to
20 stall for awhile. My main purpose of bringing this
21 topic up here is two reasons.

22 First, there are not many avenues for me to
23 ask about this program about this particularly venue.
24 So that's why I am here.

25 Second, and more importantly, that behind

1 each of these proposals, although small there exists a
2 person and a small entity who are going through the
3 (indiscernible) and each day that goes by, during
4 which these proposals get ignored, is painful for each
5 of these people that are behind each of these
6 proposals.

7 So with that I do want to ask if you guys
8 would comment on where this PIER program stands at
9 this time.

10 CHAIRMAN WEISENMILLER: I think that what
11 we'll do is ask the Executive Director to give you a
12 status report. We'd certainly encourage you to talk
13 to the Project Mangers.

14 MR. PATWARDHAN: Well, I have already talked
15 to many people that I could find and, in summary,
16 everybody has told me that you will know when the
17 process is finished. That's all. They have not told
18 me any timeline about this and the only thing that I
19 know at this point is that I will know as a natural
20 course of action when it comes to fruition. Although
21 that is reasonably well, it has meaningful impact on
22 people such as me. So that's why I am here.

23 CHAIRMAN WEISENMILLER: Well thanks for
24 coming and thanks for your patience. Rob?

25 MR. OGELSBY: Well, two-fold response to

1 that. First, clearly the process is taking much, much
2 longer than it should have and this particular project
3 goes by quiet some months. As a result, we have
4 embarked and are nearly concluding a process to revamp
5 the process and to expedite it. Having said that, and
6 having cut many, many weeks off the process that we
7 followed historically—having said that, the program is
8 under consideration in the legislation as we speak.
9 The future design of the program will be known after
10 Friday once the legislation adjourns and so we wanted
11 to also take that into account. Apologies to those
12 who are inconvenienced by the delay from our
13 decisions. We should have a clear path in just a
14 matter of a week as to where we'll go after that point
15 and even more encouraging, I would say, that we're
16 going to have a much improved program that applies to
17 this program as well as several other programs that
18 require contracting and financial agreements because
19 we're doing a revamp of that.

20 CHAIRMAN WEISENMILLER: Thank you.
21 Certainly one of the things that I've tried as Chair
22 is to make sure that we find ways for process
23 improvements in the contracting which I think all of
24 us feel that, while it's very important to maintain
25 the integrity of the contracting and to deal with

1 issues such as conflicts and make sure the contract
2 terms are pretty clear to everyone, that if we could
3 do that faster, that I think it's in everyone's
4 interest.

5 COMMISSIONER PETERMAN: Sir, I just wanted
6 to say that I appreciate you saying for the length of
7 the Business Meeting to offer your comments. Would
8 you mind sharing with us what type of business you're
9 in?

10 MR. PATWARDHAN: Okay. That actually is a
11 good question. I was about to ask something else
12 regarding that. We build next generation charging
13 stations for electric vehicles and one of the things
14 that I was hoping to bring out is in the proposals
15 that you approved earlier in number 9, there is a
16 place for electric vehicle charging infrastructure.
17 One of the things that I personally was not involved
18 in with this process and I should be involved clearly
19 going forward.

20 The first thing I'd like to ask where should
21 I put my name in to get involved? And secondly, in
22 that process, since I was not involved the question
23 naturally comes out is there any room for future
24 technologies? Because most of the proposals that I've
25 seen thus far are coming out of the State of

1 California is to fund a deployment plan for existing
2 technologies. That's it. You basically end up giving
3 money to put on a city of electric vehicle charging
4 stations. To that extent, that doesn't really do
5 anything for me. We are working on a completely
6 different type of technology and there should be
7 interviews in terms of applying for funding for such
8 cases. One of the other reasons that I was a little
9 bit in problem is that since the prior funding that we
10 had applied for has not come to a concluding point, to
11 some extent we should not be applying. That's the
12 guideline that I read in the previous proposal. Is
13 that we should not be applying repeatedly for the same
14 technology all over again until we know what has
15 happened with the previous technology. And that is
16 also a problem. So I'm put into a little bit of a
17 peculiar position.

18 COMMISSIONER PETERMAN: I think you have
19 applied to the appropriate program for you technology
20 and hopefully it was advance to the point where it can
21 be in the AB 118 solicitation. I do encourage you,
22 however, to follow that process because it'd be great
23 to have your input as an innovator in this space and
24 the public advisor, Jennifer Jennings, can point you
25 in the direction of how to get on those listservs and

1 you'll find out information about what meetings we'll
2 have coming up. Again, I appreciate your predicament
3 and you're taking the time to engage with us today.

4 MR. PATWARDHAN: Thank you.

5 CHAIRMAN WEISENMILLER: Again, thank you.

6 Any other comment. Then this meeting is adjourned to
7 go into executive session.

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9 (Whereupon, at 1:37 p.m., the Business Meeting was
10 adjourned.)

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